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FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,506

Saturday June 27 1981

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CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

NEWS SUMMARY

GENERAL

Brezhnev to visit West Germany

President Brezhnev will visit West Germany in November or December.

The visit has been agreed between Chancellor Schmidt and Vladimir Semyonov, Bonn's Soviet ambassador. Page 2

President Brezhnev has suggested to Finland that Moscow would be ready to discuss its northern-based nuclear forces with Nordic countries if they agree to a nuclear free zone.

Air crash: 2 die

Two bodies were found after the crash of a Dan Air freighter aircraft at Hailstone near Leicester. Firemen were searching for a possible third crew member.

IRA killing

The IRA claimed responsibility for the shooting of a man found dead in a Belfast tower block yesterday.

RSPCA uproar

RSPCA annual meeting broke up *in uproar after demands* were ignored for an amendment to be taken calling on the Queen and Queen Mother to quit as patrons unless they disassociate from blood sports.

Feuding ends

Israeli Labour Party was optimistic about its election chances after a feud between party leader Shimon Peres and former premier Yitzhak Rabin *was patched up.* *Page 2*

Kurds executed

Eight Kurds, convicted of armed rebellion against the Islamic Republic, were executed in Orumieh, western Iran.

Egg barrage

Egg-throwing demonstrators forced Environment Minister Michael Heseltine to call off a Press conference in Liverpool's Toxteth district.

Bessell ill

Former Liberal MP Peter Bessell, a prosecution witness in the Jeremy Thorpe trial, is in a California hospital with pneumonia.

Life sentence

A 20-year-old Edinburgh man who murdered two great aunts and raped one of them was given a life sentence.

Singer libelled

Singer Dorothy Squires was awarded £30,000 libel damages after winning her action against the News of the World over allegations of a "payola" record plugging *scandal*.

Jungle fresh

U.S. judge found that High Society magazine besmirched, tarnished and debased Tarzan and Jane's image by showing them engaged in sex. The characters were *of* high moral character.

Grub's up

Cartoon character Mr Grub is to help Somerset Education Authority increase pupils eating school meals. Mr Grub was invented by county catering officer ... Mr Bone.

Row over 'Ginny'

Journalists at BBC Radio Cleveland stopped work in protest at the employment of tennis star Virginia Wade as a com*mentator.*

Briefly . . .

Pope John Paul still has a fever and will have to stay in hospital for another two weeks.

Britain won the team event in the Aachen international horse show.

A guilty plea to the biggest bank robbery in U.S. history, a \$3.3m heist, has been made by Douglas Fenimore, 34.

BUSINESS

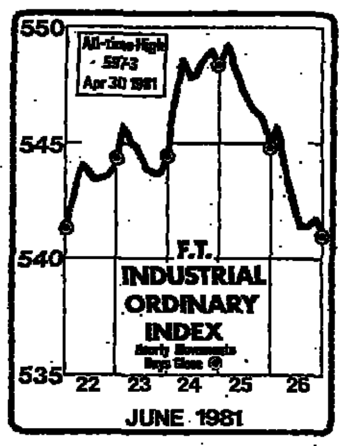
Dollar weaker; Golds down

● **DOLLAR** lost ground. It was down to DM 2.3870 (DM 2.3915), SwFr 2.0260 (SwFr 2.0380), Y224.75 (Y225.4) and FFr 5.7075 (FFr 5.7150). Its trade-weighted index fell to 108.8 (108.9). Page 21

● **STERLING** fell 35 points to \$1.9515. It eased to DM 4.66 (DM 4.6775), SwFr 3.9550 (SwFr 3.9850) and FFr 11.1350 (FFr 11.17). Its trade-weighted index fell to 94.5 (94.7). Page 21

● *GOLD lost \$1¼ to \$444.* Page 21

● **EQUITIES** were again dominated by electronics, generating support for defence oriented stocks, but the FT 30-share index closed 3.9 down at 540.9. Page 22



● **GOLDS** were hit by concern *about the* bullion price, which sent South African Gold shares down sharply. The FT Gold *Mines index dropped 24 to* 287.2. Page 22

● **GILTS'** initial harder tendency was reversed on the fresh downturn in the sterling exchange rate. The Government Securities index finished 0.16 down at 65.8. Page 22

● **WALL STREET** was down 1.72 at 995.05 near the close. Page 18

● **POLAND** will be asked by leading international banks for more detailed economic information and an economic stabili*sation programme before debt* rescheduling is agreed. Back Page

● **U.S. STEEL IMPORT** trigger price protection system was being evaded by foreign steel makers and shippers, U.S. Under-Secretary of Commerce *Mr Lionel Olmer said.* Back Page

● **TIN PACT's** future is threatened by the decision of the U.S. and Bolivia to stay out of a new international agreement. Page 2

● *ECUADOR announced a cut* of \$1 in its oil price, to \$32 a barrel. Iran is to sell oil to Columbia.

● **INDUSTRIAL TRAINING** totally reliant on market forces would result in "a serious loss of training resources and *commitment*", *the* Manpower Services Commission is to tell the Government. Back Page

● **BRITISH AIRWAYS** will have lost £40m operating profit by the end of June as a result of air traffic controllers' strikes in the Civil Service pay dispute, *the chief executive* told staff. Page 3

● **REDIFFUSION**, television set rental and retailing concern, lifted pre-tax profits to £19.24m from £17.12m for the year to end March. Page 16; Lex, Back Page

● **ELLIOTT** Group of Peterborough, which manufacturers relocatable buildings, furniture and joinery, reported a pre-tax loss of £960,000 compared with profits of £651,000 for the year to March 28. Page 16

● *F H LLOYD Holdings,* foundry and engineering group, reported a loss before tax of £254,000 against a £2.37m profit for the 52 weeks to March 28. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Assd. Comms. A	53	+ 6	ANZ	313	— 7
Berisford (S. W.)	135	+ 5	British Aluminium	80	— 8
Commercial Union	166	+ 5	GKN	144	— 8
Eagle Star	297	+ 6	Hadland (J.)	155	— 65
Flight Refuelling "New"	94pm	+ 9	Inchcape	405	— 12
GEC	732	+ 17	Mothercare	206	— 10
Hill (C.) of Bristol	125	+ 15	Tube Invs.	152	— 10
Hunting Assd.	330	+ 18	KCA	145	— 12
Nathan (B. and I.)	34	+ 5	Anglo Amer. Gold	£40¼	— 2
Plessey	334	+ 9	Doornfontein	822	— 149
Racal Elec.	416	+ 12	Gold Fields SA	£36	— 1½
Rediffusion	181	+ 9	Hartebeest	£24¼	— 2½
Ropner A	182	+ 12	Libanon	822	— 98
Smiths Inds.	373	+ 13	Randfontein Ests.	£20¼	— 2¼
			Vaal Reefs	£27¾	— 2¼

British Gas ordered to sell holding in Wytch Farm oil field

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT has ordered the British Gas Corporation to sell its 50 per cent stake in the Wytch Farm oil field in Dorset—the most important onshore discovery made in Britain. The formal move yesterday brought an angry reaction from the corporation.

The sale, which could raise between £125m and £200m for the Treasury, is likely to be the first in a series of Government moves being considered to reduce the corporation's diversified interests. Also on the list are:

● Sweeping changes in the structure of the corporation's 900 high street showrooms. A Government announcement is expected shortly on moves to give private companies a bigger stake in the sale of gas appliances.

● The hiving off of some or all of *British Gas's North Sea oil* holdings. The corporation's share of commercial offshore oil reserves amounts to over 250m barrels, worth more than £4.5bn gross at current oil prices.

● A possible breaking of the corporation's monopoly right to buy UK-produced natural gas.

Mr David Howell, Energy Secretary, is understood to be looking in the longer term at the possibility of introducing private capital into the big Morecambe gas field in the Irish Sea which is being developed by British Gas at a cost of £1bn.

All of the moves are being fought by British Gas. Having refused to co-operate in a voluntary disposal of Wytch Farm, Sir Denis Rooke, the corporation's chairman, insisted that Mr Howell should issue a formal sale directive.

The direction under the Gas Act was laid before Parliament yesterday. But it is possible that the action may still be legally challenged by the corporation.

British Gas said it had told the Government that the Wytch Farm divestment was not in the interests of gas customers nor of the corporation itself on the grounds that "such a directive would impede and prevent the proper discharge of its duties under the *Gas Act 1972.*"

Wytch Farm was discovered by British Gas in 1973. The field's recoverable oil—estimated at more than 100m barrels—is jointly owned by British Gas and British Petroleum.

BP is likely to feature on the list of prospective buyers with other major oil companies and a number of independents

Continued on Back Page

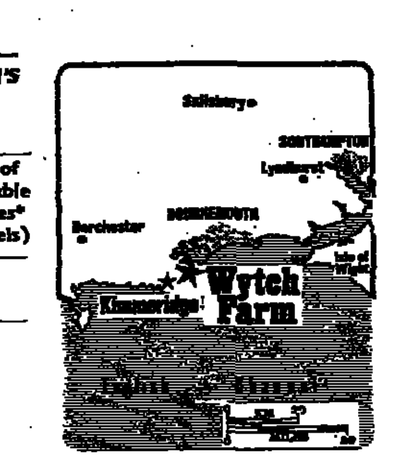
Industries to appeal on steel cost policy, Page 3

BRITISH GAS CORPORATION'S MAIN PRODUCING OIL INTERESTS

Field	% stake	Share of Recoverable Reserves* (m barrels)
ONSHORE		
Wytch Farm	50.00	50
OFFSHORE		
Beryl	10.00	100
Fulmar	3.87	19
Hutton	10.31	26
NW Hutton	25.77	79
Montrose	30.80	28

*Including natural gas liquids

Source: Wood, Mackenzie and industry estimates



Elf Aquitaine in $2.5bn bid for Texasgulf stake

BY TERRY DODSWORTH IN PARIS

ELF AQUITAINE, the French State-owned oil company, made its long-awaited move yesterday to expand in the U.S., with a takeover bid estimated at up to \$2.5bn for the 63 per cent of publicly-held stock of Texasgulf, the chemicals and metals group.

The French company has already arranged a separate deal to acquire the Canada Development Corporation's 37 per cent stake in Texasgulf.

But the success of that deal depends on Elf's public offer for the rest of Texasgulf.

Texasgulf would not comment last night beyond saying that the bid had taken it by surprise. Its board is to meet today.

The feeling in Wall Street *was that Texasgulf would* probably find it hard to defend itself from the French offer.

The Canadian authorities have recently been pushing to extend their control over the domestic energy sector and have clearly played a central role in the affair. CDC has reached two separate yet related deals with the French company:

● In the first, Elf is to sell its 75 per cent stake in Aquitaine Company of Canada to the Canada Development Corporation, in which the Canadian Government has a 49 per cent stake. CDC is paying about FFr 5bn (£446m) for these assets.

● In the second deal, Elf is making its public bid for Texasgulf, though CDC's 37 per cent stake will not be tendered. If the public bid succeeds, Elf will cede Texasgulf's Canadian assets to CDC in exchange for CDC's 37 per cent interest in Texasgulf.

No price has so far been set on Texasgulf's Canadian assets but Elf has made it clear that *the main financing for its public* offer in the U.S. will come from sale of its own Canadian assets and from lines of credit already set up with banks in America.

Elf, which said last night that it had "taken account" of Canadian energy policy in reaching the agreement, has also sought approval from the Socialist Government in France.

According to the company, this has been effectively given by the Government-nominated board members, who can veto policy decisions.

The bid forms part of Elf's drive to diversify its activities and geographical operations. It follows months of speculation about Elf's intentions in the U.S., where the company has been looking for a suitable takeover target.

Trading in Texasgulf shares was *suspended at \$37.50* yesterday in New York after the announcement. In the past few days there had been heavy buying of Texasgulf shares on speculation that the company was a potential takeover target.

Wall Street had also known for some time that Elf sought a major U.S. acquisition. It already has small oil-extraction interests in the U.S.

Texasgulf, with its paternalistic management, has grown from a Texas sulphur concern into a major producer of phosphates, potash, silver and

Continued on Back Page

Rundle oil project uneconomic Exxon says, Page 19

Seaspeed-Hoverlloyd merger

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE TWO loss-making cross-Channel hovercraft operators, British Rail's Seaspeed and the Swedish-owned Hoverlloyd, yesterday gained official approval for their plan to merge into a new company, Hoverspeed.

The Monopolies and Mergers Commission concluded that the merger would not act against the public interest and gave the best chance of maintaining hovercraft service in the cross-Channel ferry market.

Both companies have been hit hard by severe price competition between ferry companies and rising fuel costs. Seaspeed has been losing money for several years. Hoverlloyd moved into the red in 1980. They expect to make further losses this year.

Hoverlloyd's owner, Brostroms Rederi, has said it will close it if the merger does not go through. Brostroms has failed to sell Hoverlloyd, despite approaches to over 30 parties.

The Monopolies Commission said that in the absence of a merger cross-Channel hovercraft operations could disappear.

The commission still has to report on a much larger deal—the intended bid by European Ferries for Sealink UK, also part of British Rail.

European Ferries declined to comment yesterday on the merger between Hoverlloyd and Seaspeed, due to become effective at the end of this summer. But P and O Ferries, which also operates across the Channel, was critical.

Dr Rodney Leach, a director of Peninsular and Oriental Steam Navigation, the parent company, said he was highly sceptical about the viability of the merged operation. Even the hovercraft companies were unable to predict how the merger would affect their financial results.

Details, Page 2

CONTENTS

For latest Share Index phone 01-246 8026

Pay rises must be much lower, Howe urges

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PAY RISES in the coming wage round must be "considerably lower" than the current level of settlements, Sir Geoffrey Howe, the Chancellor of the Exchequer, urged yesterday.

Sir Geoffrey's speech to the Birmingham Chamber of Commerce—marks the beginning of a campaign of exhortation to lower pay expectations for the coming year.

He carefully avoided mentioning specific figures and stressed there should not be the same increase for everyone. What is neded, he said, is "a substantially lower general level of wage increases."

Sir Geoffrey has previously talked about the desirability of pay rises in "low middle single *figures" for the public sector* in the wage round starting this autumn. Precise pay figures to be allowed for in cash limits on spending for 1982-83 will be decided from the autumn onwards.

In the private sector the Chancellor highlighted the Confederation of British Industry's argument for much lower settlements in the coming year. Sir Geoffrey has discussed the pay issue with CBI leaders and their campaigns are clearly in tandem

The closest Sir Geoffrey came yesterday to giving a clue about figures was when he talked about "the need for the UK to do better than our competitors; lower pay rises on greater productivity gains, or a combination of the two."

Yesterday's speech underlines the more robust and active line now being taken by the Government, in contrast to the greater detachment immediately after the election in May 1979. The attempt to talk down pay rises is seen as crucial to cutting the inflation rate below 10 per cent.

Sir Geoffrey warned that unless people understood the need for pay restraint "recovery will be delayed and the taxes will inevitably be higher than they otherwise would have to be."

In contrast, he offered the hope that "if there are further major reductions in pay settlements and inflation declines, as we expect, the level of output and employment will increase, consumers will have less need to save to restore the value of their savings, interest rates are likely to be lower, and British manufacturers will be in a better position to compete with overseas suppliers. And ultimately we will be able to reduce taxes or undertake useful capital expenditure programmes."

Christian Tyler writes: Mr Len Murray, TUC general secretary, last night described the Chancellor's speech as a distraction from the real economic issues.

"We have the Chancellor buffing and puffing about pay as if a further period of lower living standards is somehow going to rescue the economy from the malaise their policy is creating," he said.

Richard Evans writes: Mr Peter Shore, Shadow Chancellor, said Sir Geoffrey's call "is a recipe for industrial conflict and worse."

Interviewed on BBC radio, Mr Shore said he thought Sir Geoffrey was "living in a world of almost total make believe."

Politics Today, Page 15

Spadolini to name team

BY OUR FOREIGN STAFF

SIG GIOVANNI SPADOLINI, Prime Minister-designate of Italy, is expected to announce the names and constitution of his Government this weekend.

He is the leader of the tiny Republican Party, which had only 3 per cent of the vote at the last general election. Yesterday he was putting together a Centrist coalition including members from his own party, the Christian Democrats, Socialists, Social Democrats and Liberals.

Sig Spadolini is expected to go to the EEC Heads of Government summit in Luxembourg on Monday as Italy's first non-Christian Democrat premier for 35 years.

He will present the names of his cabinet and their posts to President Sandro Pertini over the weekend and formally bring to an end the country's month-long Government crisis.

After four hours of talks yesterday, Sig Flaminio Piccoli, the Christian Democrat party secretary, said: "We have finalised the Government programme reaching complete agreement, and we have worked out the general balance of the coalition."

"The essentials have been completed," Sig Spadolini said.

£ in New York

	June 25	Previous
Spot	\$1.9400-9420	\$1.9710-9730
1 month	1.12-1.19 pm	0.92-0.99 pm
3 months	2.80-2.90 pm	2.60-2.70 pm
12 months	5.70-5.90 pm	5.30-5.50 pm

France ends nuclear co-operation with Iraq

By Our Foreign Staff

FRANCE HAS stopped nuclear co-operation with Iraq. It would be subject to "quadruple" controls if ever it were resumed, M Claude Cheysson, External Relations Minister said yesterday.

"I simply do not know at this stage if it will be resumed," he added. "The Iraqis will have to ask for it."

Work by the French and Iraqis on a French-designed nuclear research reactor near Baghdad stopped on June 7 when the installation was bombed by the Israeli air force.

"For the time being nuclear cooperation with Iraq has stopped with a bang," M Cheysson told a television interviewer.

"We will have no nuclear co-operation which could be diverted to military ends," he pledged, "and we will double, treble and quadruple our safeguards."

The Minister said he was appalled by President Saddam Hussein calling on the world to help the Arabs build a nuclear bomb and by claims *from Israel's former Foreign* Minister, Moshe Dayan, that Israel had the technology and capacity to make such a device.

M Cheysson said Pres. Hussein's appeal might indicate that Iraq was not capable of producing a bomb while Gen Dayan's claim suggested that Israel did not have one yet.

"But leaving this aside," he added, "I say that chills must go down *the spine* of every person hearing such threats."

M Cheysson's statement is likely to be welcomed by *Israel. It could be used by* Mr Menahem Begin, the Prime Minister, as justifying his decision to order the destruction of the Iraqi reactor.

Mr Begin has warned that Israel would not hesitate to take similar action again if it learned Iraq was trying to construct a nuclear device, and he extended this threat to all Arab states which had aggressive intentions

The Franco-Iraqi deal was signed in 1975 and provided for the sale of two test reactors

France is considering the details of its first possible sale of full commercial nuclear installations to an Arab country. This follows Egypt's request to purchase two reactors with a total capacity of 2,000 MW.

The contract will include the supply of fuel and services and depends on full guarantees of peaceful use of the reactors. The French will probably now seek even stronger safeguards on any sale

OVERSEAS NEWS

West Germany welcomes visit by Soviet President as Warsaw pact countries continue their criticism of Poland's leadership

Brezhnev to visit Bonn at year end

BY JONATHAN CARR IN BONN

MR LEONID BREZHNEV, the Soviet President, will make his long-awaited visit to West Germany in November or December following discussions between Chancellor Helmut Schmidt and Mr Vladimir Semyonov, the Soviet ambassador to Bonn.

The timing of the visit has pleased Bonn for several reasons. Government officials feel Soviet readiness to decide on a date makes it less likely that Moscow expects a crisis over Poland in the next few months. Such a crisis, Bonn has stressed, would freeze political and economic contacts with the East for a long time to come—and this has been made clear to Moscow.

It is felt that Mr Brezhnev's visit may coincide with the opening of Soviet-American negotiations on intermediate range nuclear missiles. Bonn will have the chance to sound out Soviet views and make a contribution at a crucial juncture.

Finally, Moscow-Washington talks and a Brezhnev visit to Bonn at the end of the year would strengthen Herr Schmidt's position for the congress of his Social Democrat party at the start of 1982. They would help him prove that East-West contacts could be maintained and developed, even in the most difficult times.

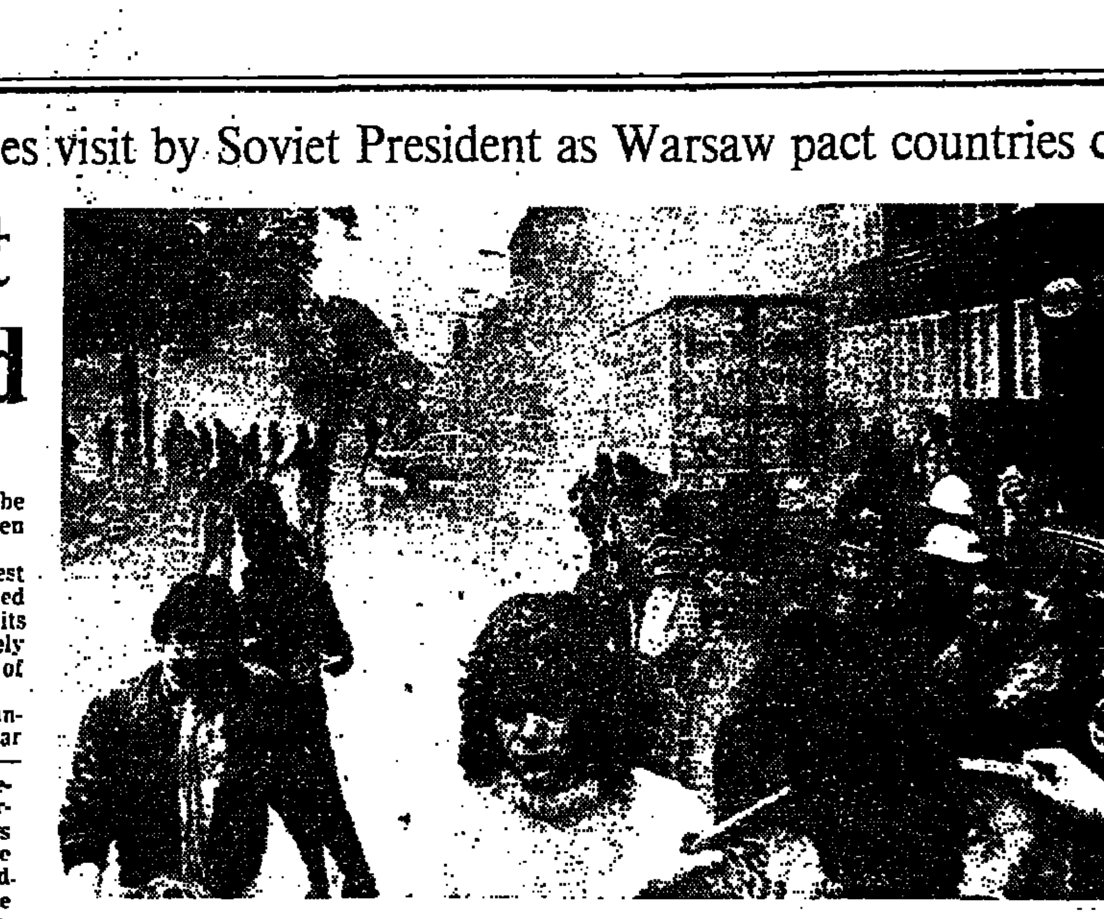
Roger Boyes adds: The West German Government is relieved that Britain is confining its Rhine army cuts to a relatively small and gradual reduction of administrative jobs.

There was considerable unease in Bonn earlier this year about the possibility of a large cut in Rhine army forces and a resulting drop in the combat readiness of the British army in Germany.

West German officials stressed yesterday that its combat fighting ability was unchanged and the restructuring might improve British preparedness.

It is unclear how the naval restructuring will affect West Germany's defence role. British officials stress that there has simply been a shift of emphasis

Mr George Bush, U.S. Vice-President, left London yesterday after talks with Mrs Margaret Thatcher, the Prime Minister, saying he had renewed confidence about the Western Alliance. On the proposed changes in Britain's armed forces, he said: "The UK is keeping to its commitments."



Students attack police in West Berlin

WEST BERLIN yesterday saw some of the worst rioting since the student revolt of the late 1960s. Leslie Colitt writes from Berlin. The city, which is a haven for disaffected young West Germans, frequently sets the trend for the rest of the country. Street violence (above) lasting into the early hours took place after a peaceful demonstration by 12,000 supporters of evicted squatters. Twice this week clashes have broken out between police and gangs of masked youths supporting the squatters. This time some 500 young people broke through a cordon around the city hall in Schoeneberg district. The new Christian Democrat-led parliament was debating West Berlin's acute housing shortage when the rioters, hurling Molotov cocktails and paving stones, attacked 1,000 policemen guarding the building. The battle raged for hours, with heavy casualties on both sides. In Kreuzberg district barricades of cars were set on fire, shops were plundered and bank windows smashed.

Although the first serious riots over the housing and squatters' issues erupted last December when the Social Democrats (SPD) were still running West Berlin, they have now taken on a new intensity. The young anarchists are given at least moral support by ex-Social Democrats and ecologists which captured votes from the SPD in last month's election and entered the city parliament. They have called for an amnesty of all squatters arrested or convicted after resisting eviction.

Eastern bloc maintains its pressure on Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SOVIET BLOC is maintaining pressure on the Polish leadership to harden its policies towards reformers in the party and society. The effect, however, is to narrow public differences between the Polish leadership's hardliners and moderates.

A letter from the Czech leadership to Mr Stanislaw Kania, the Polish party leader and his colleagues follows the line of the Soviet letter dated June 6 which called for an end to the "policy of concession and compromise."

Mr. Kania received similar missives from the Hungarians and the Bulgarians last Monday.

East Germany will probably fall into line if it has not already sent its own letter.

Mr Kania, politically strengthened after fighting off a hardline attempt to topple him following the Soviet letter, has demonstrated that he is willing to support hardline candidates as delegates to next month's party congress. This is partly to placate the Soviet leadership but also to guard against an open split between the conservatives hankering after the Stalinist years and the reformers out to democratise the party.

At a party conference in the key area of Katowice yesterday he backed the re-election there of Mr Andrzej Zabinski, a hard liner, as party chief.

He recommended that the conference return as congress delegate General Norbert Michta, a hardliner recently brought in to end ideological deviations at the central party school and Mr Kazimierz Kakol, a journalist long identified with the party's nationalist wing.

Speeches by senior officials on competing wings of the party are also beginning to sound similar. In Legnica, the Soviet army headquarters in Poland, this week, Mr Meiczyslaw Rakowski, traditionally on the liberal wing, sounded at times much like Mr Stefan Olszowski, who since last December has demonstrated his pro-Soviet orthodox view and who, in turn, has mellowed markedly.

This would suggest that the congress will be concerned with putting together a coalition leadership to reflect the party's various trends. In a surprise move at Katowice, Mr Franciszek Szlachcic was nominated from the floor as a delegate to the congress. Mr Szlachcic, 61, was a powerful member of the team of Mr Edward Geirek, the previous leader.

- Mounting protests by the Polish authorities against some of Solidarity's uncensored flourishing internal bulletins could lead to a clash with the unions.

The new censorship law, which is to be passed by Parliament soon, gives the state censor powers to control a union publication if it persists in printing articles which have nothing to do with the union's statutory aims.

The union's bulletins have attracted the attention of Poland's Warsaw Pact allies. No meeting devoted to Poland is complete without one of its neighbours balefully reading out union bulletins which are supposed to have attacked Poland's alliances.

However, the two sides could meet half way as even Solidarity's negotiator on the censorship law, Mr Jan Jozef Lipski, was forced to admit in parliamentary committee that at times articles in the bulletins could harm "the country and the union."

Some regional leaderships are finding that freedom of the press can be an embarrassment. In mid-May the Katowice leadership closed one bulletin for refusing to change an article.

Action on interest rate ceilings

By Ian Hargreaves in New York

THE U.S. authorities are to speed up by one year the phasing out of Federal interest rate ceilings at banks and savings institutions.

The Depository Institutions De - regulation Committee, whose chairman is Mr Donald Regan, the Treasury Secretary, has also agreed on a further detailed programme for easing interest limits on various types of savings account in the next two years.

The committee, which acts as an agent for Congress in deregulating interest rates, has decided that all controls should end by August 1985, rather than 1986, as originally planned. Mr Regan said the programme could be further accelerated if interest rates came down and made the ceilings automatically redundant.

The main specific changes

- August, 1982: Eliminate ceilings on accounts maturing in three years or more.
- August, 1983: Eliminate ceilings on accounts maturing in two years or more.
- August, 1984: Eliminate ceilings on accounts maturing in one to two years.
- August, 1985: Remove all ceilings except those on small saver "pass-book" accounts.

The committee intends to study further the question of passbook accounts, which are now limited to an interest rate of 5¼ to 5½ per cent. Although this rate is uneconomic to savers, billions of dollars of savings are still locked up in these accounts and are providing cheap funds, especially to savings and loan associations.

Threat to tin pact as U.S. and Bolivia quit

BY JOHN EDWARDS, COMMODITIES EDITOR

THE DRAFT of a new International Tin Agreement to replace the existing pact which expires next June was approved in Geneva yesterday after three weeks of negotiations between exporting and importing countries.

But the U.S., the world's leading consumer of tin and Bolivia, the third-biggest producer, have decided to stay out and there must be serious doubt about the pact's future.

It is believed that both Britain and West Germany have indicated they may not ratify the proposed agreement, even though EEC representatives at Geneva formally approved the draft.

The U.S. joined the Tin Agreement for the first time with the fifth agreement which came into force in 1975. Its membership has resulted in a series of disputes with producing countries, especially over the "floor" and "ceiling" prices fixed by the agreement, which are backed by a buffer stock and export controls, if necessary.

The International Tin Agreement is the oldest surviving commodity pact and its breakdown would be a severe blow to the North-South dialogue between poor and rich countries. It is seen as the model for co-operation by producing and consuming countries in attempting to stabilise commodity prices.

£40m cobalt deal is first boost for U.S. stockpile

BY OUR COMMODITIES EDITOR

THE FIRST purchase by the U.S. strategic stockpile for 20 years was announced yesterday.

The General Services Administration said it had signed a $78m (£40m) contract to buy 5.2m lbs of cobalt—a metal widely used for military purposes—from Zaire at a bargain price of $15 a pound, $5 below the official price charged by the largest cobalt producers.

The resumption of purchases by the strategic stockpile, which was originally built up after the Korean War, represents the first move by the Reagan Administration to boost stocks of vital raw materials which are mostly imported, and therefore, considered to be in a vulnerable position in the event of a national emergency.

Cobalt is a high-temperature metal used in the manufacture of jet engines, missile guidance systems and other military equipment as well as industrial products, such as magnets and pigments. Some 90 per cent of world cobalt reserves are concentrated in two countries, Zaire (by far the biggest) and Zambia.

Argentina reserves fall to $1bn

By Hugh O'Shaughnessy

A RUN on the peso is reported to have reduced Argentina's reserves to about $1bn. At the end of March they were more than $4.6bn.

Some observers forecast that the country will have to renegotiate part of its foreign debt of more than $27bn.

The peso was unchanged at 6,200 to the dollar when the Buenos Aires markets opened yesterday but they were nervous.

After General Roberto Viola took over the presidency from General Jorge Videla on March 29 reserves rose to about $5bn as a result of measures to attract funds back to Buenos Aires, but have drained away, falling fast in recent days.

The situation is complicated for the authorities because much of the foreign debt is short-term. At the beginning of the year 50.7 per cent of foreign borrowings were falling due in 1981.

Manufacturing industry has been hit hard over the past year by an overvalued peso and the reduction of tariffs. This in turn has hit the banks. The level of bad debt in some banks' portfolios is reported abnormally high.

Morocco agrees to referendum over Sahara

KING HASSAN of Morocco yesterday accepted a "controlled referendum" to determine the future of Western Sahara.

Although likely to defuse a contentious item at the Organisation of African Unity summit, the move is unlikely to lead to an early resolution of conflict in the territory.

Morocco annexed Western Sahara in 1976 and has been at war with Polisario guerrillas, whose Sahrawi Arab Democratic Republic has been recognised by a majority of OAU members.

The issue nearly split the Organisation at last year's summit. An OAU committee of five "wise men" proposed a ceasefire followed by a referendum, organised and supervised by the OAU and the United Nations. Polisario provisionally accepted the plan but until yesterday Morocco had refused to participate.

Malaysia party elects deputy

By Wong Sulong in Kuala Lumpur

DATUK MUSA HITAM, Malaysia's Education Minister, polled 205 votes more than Tengku Razaleigh, the Finance Minister, to become deputy president of the ruling United Malays National Organisation. His 722 votes, which have virtually assured him of the deputy prime ministership, reaffirmed that Malay teachers still form the party's backbone.

Datuk Musa is expected to work well with Dr Mahathir Mohamed, who earlier was returned unopposed as party president. He will take over from Datuk Hussein Onn, as Prime Minister in two weeks.

Both Dr Mahathir and Datuk Musa were branded as "ultras" (Malay extremists) after the racial riots in 1969, and were in the political wilderness until 1971.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Peres and Rabin end long feud

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S Labour Party surged into the final stage of its general election campaign with renewed confidence yesterday after patching up a long-standing feud between Mr Shimon Peres, its leader, and Mr Yitzhak Rabin, former Premier.

Mr Peres offered his arch rival the post of Defence Minister if Labour wins the election on Tuesday. Mr Rabin accepted, saying the need to defeat Mr Menahem Begin, the Prime Minister, overrode other considerations.

In an autobiography written two years ago Mr Rabin, who was Prime Minister from 1974 to 1977, complained that Mr Peres, then Defence Minister, constantly sought to undermine him. He vowed never to serve under Mr Peres' leadership.

"Of course, I had to take that back," Mr Rabin said.

The large bloc of undecided voters shown in opinion polls was thought to contain many Rabin supporters who shied from voting for Mr Peres. The reunion, albeit grudging, between Mr Peres and Mr Rabin was expected to bring a sizable number of these voters back into the Labour fold.

This view was shared privately with some alarm by leaders of Mr Begin's Likud bloc which has been running ahead in the opinion polls.

"It's a cynical manoeuvre," Mr Ehud Olmert, Likud's campaign manager, said. "Those two can't stand each other and they will never work together."

AP reports: An opinion poll by the Hebrew University's institute for applied research yesterday showed Mr Begin leading Mr Peres by 39 per cent to 32 per cent. It narrowed the crucial floating vote to 10 per cent.

Cheysson to meet PLO

BY JAMES BUCHAN IN BEIRUT

M CLAUDE CHEYSSON, the French Foreign Minister, will hold his first official meeting with an official of the Palestine Liberation Organisation in Paris early next month. Mr Farouk Kaddoumi, head of the PLO political department, is expected to seek clarification on the new French Administration's policy towards the Middle East.

French officials in Beirut were at pains to point out that the visit was not at the invitation of the French Government, as was announced yesterday by the Palestinian News Agency, Wafa. But Palestinian and Arab officials draw encouragement from the announcement that M Francois Mitterrand's Presidency will not mark as radical a shift away from the Arab point of view as had first been suspected.

HOW SOME LEBANESE LEARNED TO SURVIVE

Smuggling as a growth industry

BY ANTHONY McDERMOTT, RECENTLY IN BEIRUT

"IF YOU are an experienced visitor to Lebanon, you don't buy cigarettes or liquor on the plane coming into Beirut." This view, held by a long-term resident, is not only a money-saving hint which happens to be accurate, but also reflects the boom in smuggling and the topsy-turvy way in which Lebanon and its economies work.

The central Government, such as it is, continues to issue a formal budget, although it is becoming increasingly hard to meet the deficit, partly because of the difficulties of gathering customs dues.

The Banque du Liban, the central bank, solemnly issues its quarterly reports full of statistics and, despite the fighting, the banks continue to thrive. Last year, the volumes both of letters of credit and deposits rose by 30 per cent, while loans were up by 18 per cent.

At the same time the destruction, whether by Israeli raids on the south or by the mindless exchanges of shelling between Moslem West and Christian East Beirut has been appalling.

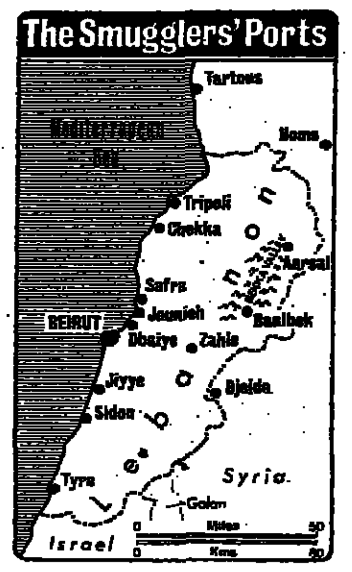
This resilience can also be seen among the Lebanese of the south, who have traditionally been neglected by the Government. About 40 per cent of the southern Lebanese have fled northwards—to Sidon, Beirut, the mountains or the Bekaa Valley—after bombardment by Israel or its Lebanese surrogate, Maj Saad Haddad. But wherever they have gone they have set up shops around urban areas.

In the capital itself, those displaced from the dangerous "Green Line" area dividing west and east have set up their own shack-like shops selling televisions, cassettes, cameras, clothing, toys and food.

The smuggling sector has boomed rather than struggled. Its expansion dates from 1977, the first year after the end of the two-year civil war, when some of the old business confidence and economic life began to thrive again.

As the fighting between the Syrian soldiers of the Arab peace-keeping force and the Christians increased again, bringing in the Christian, Moslem and Palestinian militias, smuggling became established. But there was a paradoxical difference: "When it comes to that sort of business, Moslems and Christians co-operate and exploit what is going on," said one businessman.

The Smugglers' Ports



The Syrians, too, have been taking a hand. For while the container lorries pounding across Lebanon and Syria towards the Arabian peninsula have been, and are, a major source of illicit goods, military lorries, too, have made a considerable contribution. Indeed, their business was on such a scale that, for a while—until a major clampdown last summer and autumn when about 100 people were reported to have been arrested—they had become known as "Tlas Enterprises," after the Syrian Defence Minister, Lieut.-Gen. Mustafa Tlas.

The main source of smuggled goods are Lebanon's 15 or so legal and illegal ports, many no more than a quay, a crane, a few lorries, barbed wire and the local militia.

The savings to be made at these ports are enormous, as they have both swifter and cheaper customs and unloading procedures.

Each port has its own characteristics and ownership. Jounieh is firmly Christian but is the main entrance point for consumer goods, as well as arms from Israel. Beirut port, with its many checkpoints, is largely Christian-run. Sidon is broadly under Lebanese Government control and is the main food import port for the whole country.

Tyre is a Palestinian port and the main entry point for arms.

Jiyye is a key ellicit port, south of Beirut, while to the north of the capital, on the way to Jounieh, is Dbaiye.

Further north, the luxury Aquamarina Hotel has a natural port. Beyond Jounieh the small port of Safra is also under Phalangist control. Further north, Mr Suleiman Franjieh, another ex-President and leader of another Christian faction, has his own port of Chekka. The largest official port in the north, Tripoli, is run by the Government.

How great the smuggling is is hard to calculate. But the loot is visible everywhere. Scruffy urchins sit on Beirut street corners beside little castles of cigarette cartons—L£15 (£1.72) for 200. Elsewhere, makeshift shops are selling an extraordinary selection of liquor (whisky at L£16 a bottle). Further up the scale come electrical gods, and here market forces have been operating powerfully. Three years ago, a 21-inch television cost L£6,000. Today, thanks to illicit imports, they cost L£3,500.

The trails into Syria are numerous. One, through the D'Jelde border post, is straightforward, as military lorries check in with the military police rather than the civilian customs. In north Lebanon the road between Homs and Tartous runs for three miles or so in Lebanon.

The area is aptly known as "the golden mile." Lorries leave Syria empty, pause briefly, and continue miraculously laden back into Syria.

Red faces in NZ visas row

By Dai Hayward in Wellington

NEW ZEALAND'S Minister of Immigration, Mr Aussie Malcolm, said yesterday he was "horrified" at a recommendation from the Human Rights Commission that the country should withdraw visas from the South African Springbok rugby players to fulfil New Zealand's commitment against racial discrimination.

Mr Malcolm said that to withhold visas would itself be a denial of human rights and was against all the principles he stood for.

A few hours later it was disclosed that the New Zealand Government has in the past few weeks already refused visas to a delegation from the Soviet Union which was to be invited to the 40th anniversary celebrations of the founding of the NZ-USSR Friendship Society. The delegation would have included a Minister of Trade, writers and academics.

New Zealand's Foreign Minister, Mr Brian Talboys, told the society that visas would not be granted. He said in a letter that the policy of restraint between New Zealand and the USSR was not of New Zealand's making but was because of the Russian invasion of Afghanistan.

The Sprinkbok tour and its possible repercussions continue to dominate New Zealand's political and international affairs.

In the past 48 hours Race Relations Conciliator Mr Hiwi Tauroa has called on New Zealand to postpone the tour which is due to begin on July 22 and Sir Alexander Ross, chairman of the Commonwealth Games Federation, arrived virtually unannounced for top-level talks with all sides involved in the tour controversy.

Sir Alexander said yesterday that he hoped to get the tour cancelled before he leaves New Zealand tomorrow night.

Political uproar in New Zealand has followed the threat by Prime Minister Mr Robert Muldoon to consider withdrawing New Zealand support for the Gleneagles agreement if the Commonwealth Finance Ministers' Conference in September is taken away from Auckland by African Commonwealth countries following the Springbok tour. Yesterday parliament put aside all normal business to debate Mr Muldoon's threat but no vote was taken.

New Zealand's major newspapers have also severely criticised the Prime Minister's Gleneagles threat.

In Australia a threat was sounded to call off a proposed netball tour of New Zealand next year if the Springbok tour takes place.

The first direct act of violence in New Zealand against the Springbok tour came this week when protestors sprayed chemicals over the pitch at Okara Park, Whangarei, one of the major rugby fields where the Springboks are due to play.

Nevertheless, New Zealand rugby fans are unmoved by the furore and there has been a rush for tickets for the first match at Gisborne on July 22.

UK NEWS

Air traffic control strikes cut BA profit by £40m

BY LYNTON McLAIN

BRITISH AIRWAYS will have lost £40m operating profit by the end of June as a direct result of the strikes called by air traffic controllers as part of the Civil Service pay dispute, Mr Roy Watts, the chief executive of the airline, said yesterday in a message to staff.

Two weeks ago the airline said the loss of revenue had cost it £20m in lost profits.

The loss, for the first three months of the current financial year, follows the pre-tax loss of about £120m incurred by the state-owned airline in the last financial year.

The airline was not assuming that the dispute would continue throughout July. "But if it should, we estimate that the cost of the industrial action to British Airways could rise to £55m or £60m," Mr Watts said.

By the end of August, half way through the airline's financial year and the busiest period for the airline, the total reduction of operating profit could be as high as between £80m and £90m if the dispute remains unresolved, he told staff.

British Airways and other airlines affected by the air traffic controllers' industrial action, have lost revenue mainly from their most lucrative passengers, the business travellers.

"Businessmen in particular are tending to cancel bookings and use ground and sea transport and the telephone," British Airways said. The leisure traveller was more prepared to take a chance of getting a flight.

Lufthansa, the West German airline, said the uncertainty was forcing business travellers to cancel bookings. "One large German chemical company with business in Britain had cut its flight bookings with the airline by 50 per cent in May, because of the dispute."

The airline, however, had introduced a deliberate policy of trying to help each passenger who could be contacted by telephone. It admitted that this resulted in higher administrative costs, "but this is the only way we can maintain the goodwill of our passengers."

Some Lufthansa flights from Germany had been diverted from Heathrow Airport to Bournemouth and Cardiff, with coach connections to London. This resulted in the airliners returning empty to Germany, but was considered to be worthwhile if it enabled the airline to fly one way.

British Airways is giving every passenger a letter at the check-in desks at Heathrow.

This reads: "Air traffic control staff in Britain have been taking industrial action since the end of April in support of a pay claim. The staff are employed by the Civil Aviation Authority, not by BA and their action is therefore outside British Airways' control."

BA said 95 per cent of its services had been operated over the period, but cancellations had been made, mostly to domestic and European flights. Long-haul flights have been less seriously affected.

Pit workers achieve record productivity

By Ray Dafter, Energy Editor

PRODUCTIVITY IN the mines reached a record level in May, Sir Derek Ezra, chairman of the National Coal Board, told the annual conference of the National Association of Colliery Overmen, Deputies and Shotfirers in the Isle of Man yesterday.

The overall output per manshift reached 2.47 tonnes during the month. So far this financial year the industry's efficiency was more than 3.5 per cent up on the corresponding period last year. Attendance by mineworkers was also continuing to improve.

These successes, however, were also contributing to problems, said Sir Derek. The NCB now had 22m tonnes of undistributed stocks — 9m tonnes more than a year ago. These high stocks reflected the economic recession.

Even so, coal had been less affected than some leading fuels and in the first quarter of this year had lost business at only half the rate of oil. As a result, coal had overtaken oil as the biggest UK energy supplier.

In an oblique reference to the forthcoming pay negotiations, Sir Derek said the coal industry must maintain its price advantage by producing more efficiently. While oil prices were still well above those of coal, they were rising more slowly than in the recent past.

"The long-term prospects for coal remain good," Sir Derek went on. "There is about six times as much coal in the ground throughout the world as there are reserves of oil and gas. The future inevitably lies with coal."

● Britain has won contracts worth about £14m to supply coke to Eastern bloc countries.

National Smokeless Fuels, which has five coking plants at Durham and Tyne and Wear, yesterday announced the orders from Romania, Hungary, Bulgaria and Albania, for a total of 250,000 tonnes of blastfurnace coke.

Barry Riley looks at a battery maker's fight against losses

Ailing Chloride faces the acid test

ONE OF the toughest jobs in British industry has recently been taken on by 50-year-old Mr Ken Hodgson, who since March has been chief executive of Chloride Group, the ailing group of Exide and Dagenite battery makers.

The scale of his task became clear on Wednesday, when Chloride unveiled results described by Sir Alastair Pilkington, the chairman, as "appallingly bad by any standards." Losses for the year to March reached £13.5m before tax, and were £22.5m after allowing for other items such as tax and extraordinary costs.

A stretched balance sheet has been patched up by an emergency £18m rights issue of convertible preference shares which will trim borrowings from 100 per cent to nearer 80 per cent of shareholders' funds. But with the group still incurring losses, Mr Hodgson faces a hard fight to avoid the need for wholesale surgery.

Already Chloride has had to abandon its proud title as the world's biggest maker of lead-acid batteries. Mr Hodgson will claim only that the group is "in the top three."

Mr Hodgson's brief was set out this week by Sir Alastair. "We have got to get the balance sheet right and the profit and loss account right," he said. "But we are absolutely determined that we shall not in any way sell the heart of the company."

Chloride's biggest problems are to be found in its domestic market. Its extensive overseas operations are still in profit overall, though it has been incurring losses in the U.S.

Mr Hodgson explains that the group's hopes last autumn of a UK recovery came to nothing. "What was not foreseen was that together with the reduced total market has come a very, very fierce price war. Right now the price of automotive batteries in the UK is 20 per cent less than it was a year ago."

Chloride was slow to respond, but reacted three months ago. "We have decided that we are no longer going to price deliberately higher than the rest of the industry in this country," he says. "The strategy is that by doing so we will more than hold our market share."

This price-cutting move has had the short term effect of keeping the group in the red. "The total level of prices throughout the industry is just not sufficient to give the industry a living on anything like the volume it has now," says Mr Hodgson. "The first half is going to remain very difficult. But we are planning for an upturn in the second half." He sees this coming about through a recovery in volume and through some increase in prices.

He suggests that the emphasis in the UK must be on repositioning and reorganising the company. Already, a great deal has been done. "The capacity which has come out is obviously our oldest and least efficient capacity."

He says Chloride is not about to be overtaken by a rival product or rival technology, and there could still be growth in the years ahead. "Although the previously anticipated growth rate for our business has now had to be reduced we are still in a business that is certainly not dying, and will show growth taken over a period of years."

The group claims that

Mr Ken Hodgson: trying to avoid the need for wholesale surgery

developments in the pipeline, including a technically superior, lightweight, completely maintenance-free automotive battery, will help to keep it in the forefront of product technology.

Chloride is confident that there will be benefits from its wide geographical spread across the less developed world. "In the remainder of the world the opportunities for growth are very much greater," says Mr Hodgson. "There will be growth that will definitely continue to outstrip the growth that we have in the developed countries.

"We have a portfolio of operating companies in a great many of those countries where we are either the sole manufacturer, in some cases, or are the market leaders in most others. So we are better positioned than anybody else in the world battery industry."

The Chloride Group has subsidiaries in countries such as India, Kenya, Singapore and South Africa, and associates in many more including Sri Lanka, Mexico and Nigeria.

While the group was plunging into losses in the UK and the U.S. last year, operations in Australasia, Asia and Africa were piling up trading profits of £12.2m. It has also been establishing associates in growth markets such as Egypt.

However, the group has begun shedding peripheral interests in West Germany and Italy, and it may be forced to begin realising some of its interests in the profitable Third World countries.

Chloride has said it intends to reduce its level of debt, and Sir Alastair Pilkington hinted on Wednesday that one way in which this could be done would be by selling large majority interests down to the 51 per cent level.

Mr Hodgson is adamant, however, that Chloride will hold on to "the mainstream battery business in our own country and the mainstream countries that show growth, and where we have the major market shares."

However he remains vague on the timing of the group's recovery. "If you said to me: 'Can Chloride, as it is being restructured, be a viable, profitable company in the battery industry?' I would say emphatically yes. What I wouldn't be able to say to you is exactly when, in which period of six months, or year, that return to profit is going to come."

Motorcycle co-op has time to pay

THE GOVERMENT said yesterday that the Meridan motorcycle co-operative would be given further time to repay £1.3m to the Export Credit Guarantee Department.

If that sum is raised by Aprail 30 next year the Government will write off the Coventry company's loan from the Industry Department, and accrued interest.

This amounts to about £5.9m. The announcement by Mr Norman Tebbit, Industry Minister of State, amounts to a relaxation of the conditional writing-off of the loan.

Mr Tebbit said in a Commons written replay that the company's agreement with the Export Credit Guarantee Department was for sale of motorcycles, financed by Meridan's bank with ECGD support, stockpiled in the U.S. and Australia. This was to be completed by May 31. It was estimated that £1,950,000 would be raised, but only £1,050,000 was paid to ECGD by May 31.

Minister's coach hit by eggs

EGGS WERE thrown at a coach carrying Mr Michael Heseltine, Environment Secretary, has he arrived to inspect a £250,000 environmental improvement scheme by the Liverpool Inner City Partnership.

There has been ill-feeling that the money would have been better spent on housing than on landscaping. Police intervened and the inspection was cancelled.

Lockwoods closure

LOCKWOODS of Long Sutton, one of Lincolnshire's largest employers, closed yesterday putting 600 out of work. The food canning business went into liquidation recently and was unable to sell the plant.

Record crude oil output

BRITAIN'S production of crude oil from February to April was a record 22.1m tonnes, and not 2.1m tonnes as printed in yesterday's issue.

Industries to appeal on fuel costs policy

BY MAURICE SAMUELSON

FIVE MAJOR industries are to appeal early next week to the Industry Department to rescue them from what they see as the disastrous effects of the Government's high energy prices policy.

Mr Kenneth Baker, Industry Minister of State, will hear the appeal on Tuesday when he receives representatives of the glass, paper, chemicals, brick and independent steel makers. All are intensive users of energy.

They claim that as the Ministry which watches over their interests, the Industry Department should protect them against policies favoured by the Energy Department, whom they regard as too favourable to energy suppliers.

They say the Budget's £168m energy relief package was grossly inadequate. One of their main grievances is that the Chancellor retained the £8 a tonne duty on heavy fuel oil, keeping them at a disadvantage with competitors in Western Europe where the average duty is £1.62p.

Mr Oliver Normandale, director of the Glass Manufacturers Federation, said yesterday that they would try to discover the Government's real attitude towards vital industries.

Mr Robert Redmond, director of the National Federation of Clay Industries, which covers brick, tile and pipe making, said exporting companies were being forced to transfer their operations overseas because of UK energy prices.

They will be joined at Tuesday morning's talks by the British Independent Steel Producers Association, the Chemical Industries Association and the Paper and Board Industries Federation.

Mr. Alan Marriott, an official of the Paper and Board Industry Federation, said British users were paying 10 per cent to 15 per cent more for oil than most European competitors; about 20 per cent more for gas; and about 30 per cent more for electricity. They were paying about the same for coal even though it was cheaper to produce in the UK than in Europe.

Mr Marriott singled out the high excise duty on fuel oil as the main area which had to be tackled. This tax conflicted with the Government's claim to believe in free market prices, he said. For a leading UK paper company this excise was costing £2.5m a year

Sue Cameron writes: The Government yesterday made a small concession on energy prices when it announced that National Smokeless Fuels, a wholly owned subsidiary of the National Coal Board, was to cut the price of foundry coke by £10 a tonne from Monday.

New markets explored

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MOST BRITISH manufacturing companies have considered introducing new products or exploring new markets despite the recession, according to a Gallup survey.

The Gallup survey for BBC television's Money Programme examines the views of 101 manufacturing companies, of which a quarter are in chemicals, and just over a fifth each in motor components and metal manufacturing.

Two-thirds of the companies have instituted redundancies in the last 18 months. The average level is a 14 per cent cut in the workforce (in line with the national figures published by the Department of Employment).

The most important reason cited is a decline in demand for company products, mentioned by 58 per cent of the sample, followed by insufficient profitability (21 per cent).

About three-quarters of the sample expect unemployment to be less than 3m in 1984. About two-fifths expect between 2m and 3m.

Roughly 90 per cent of the companies questioned claim to have introduced or considered introducing new products in the last 18 months, with half carrying out comprehensive market research and four-fifths exploring new markets.

American Can opens £20m Cheshire plant

By Maurice Samuelson

AMERICAN CAN, the U.S.-based international canning concern, is to spend "several million pounds" on re-equipping its plant at Grantham, Lincs., to produce two-piece cans by 1984.

The decision was announced at yesterday's official opening of American Can's £20m factory at Runcorn, Cheshire, by Mr Mark Carlisle, Education Secretary.

Mr Maurice Glynn, managing director of American Can's UK operation, said the modernisation at Grantham would be the next phase in a programme of investments and developments in Britain and Europe.

The Runcorn plant, which would produce more than 500m two-piece cans a year, showed the company's confidence that the British market would recover.

Mr Jerry Mathis, American Can International's executive vice-president, said the group's international operations were expected to double in the next five years. Last year, it invested $41m outside the U.S. A plant similar to that at Runcorn had been opened in Venezuela

Observer decision delay urged

BY JOHN MOORE

MR JOHN BIFFEN, Secretary of State for Trade, has been asked to withhold his decision on Lonrho's proposed acquisition of The Observer, Britain's oldest Sunday newspaper, until after the Monopolies and Mergers Commission Report has been published and studied.

The request comes from Mr John Smith, principal Opposition spokesman on trade, in a letter to Mr Biffen.

The Commission is expected to have given Lonrho clearance for its purchase of the paper from the oil company Atlantic Richfield, subject to the trading conglomerate following certain undertakings.

The report is understood to say that the new ownership would not constitute a monopoly. Lonrho already owns George Outram, publishers of the Glasgow Herald and Evening Times.

Mr Smith has told the Minister that the report will raise "substantial issues" about the Observer's future

He said: "I understand that in the case of newspaper mergers, the Secretary of State sometimes gives his consent or otherwise at the same time as publishing his report.

"In this case it would be desirable if the report were published before you reached any decision so that you could have the benefit of representations from those affected by its recommendations."

The commission's report is expected on Monday and is likely to be accompanied by a statement from Mr Biffen.

The new board of the Observer, if acquired by Lonrho, will probably be chaired by Mr Robert Anderson, chairman of Atlantic Richfield, who is planning a number of other business ventures with Lonrho. The deputy chairmanship would be taken by Mr Kenneth Harris, Mr Roland ("Tiny") Rowland, Lonrho's chief executive, will join the board as a director.

Wedding bonanza takes off

By Lucia van der Post

IF ANYBODY ever doubted that royal business could knock spots off show business whenever a quick buck or two was at stake, then now is the time for them to prepare to eat their hats. For deep in darkest February, when Britain's beleaguered economy was at its saggiest, announcement of the royal engagement brought an almost audible rattling of the commercial sabres.

From Stock-on-Trent to Birmingham, from deepest Devon to rural Oxfordshire, they started preparing for the killing of a lifetime. Not that they'd ben caught on the hop. The T-shirt makers, bust-sculptors, ornamental box and scarf producers, glass, pencil, tea-cosy, plate, ashtray, sticker and flag designers were all waiting, pencils, dyes and chisels poised, for the off.

When it came, it was no more than two hours before first intimations of what was to come began to flutter on Fleet Street editors' desks and fall through post-boxes of likely-looking memento buyers.

Since then the bonanza has taken off, with estimates of amounts the souvenir-makers will make rising from an initial £100m to £400m. Most people are sure that in commercial terms, it will make the Jubilee look like a small charity bazaar.

Some of you will have beer rash enough to rush out anc buy any old souvenir tha caught your fancy instead o waiting for the official "gooc taste" seal of approval fron the Design Council.

For those who have behavec like model, civic-minded design-conscious citizens anc waited to do as they are bic the Design Council held a pre view of the 60 or so product that passed the scrutiny o their panel.

Though the full exhibition i not until uly 9 (there is on selection meeting to come a which 40 more items will b considered) all the officially blessed objects will be on sal in all Design Centre shop from now on.

So you may spend 95p on sort of rattling flag, rathe like those sold at footba matches, or on a jaunty, rec white and blue rubber ba embellished (how did yo guess?) with the Prince c Wales' feathers. If you fe flush how about a brooch i gold and diamonds, sportin a rose, shamrocks an daffodils, for £400? By Eto Jewellery, it is to order onl

There are jugs, plates, tapestr kits, money-boxes, engrave glass tankards, decanters. Bu if you want the all-time, ru away best-seller, the Princ Charles mug, you must b quick off the mark.

Souvenir-makers are note neither for tact nor flatter and the chief distinguishir feature of the mug is that th royal ear has been used form the ample handle. £1.50 they sell as fast as the come in. One day last wee the day's delivery of a gro sold out before the end of th day.

Carlton Ware, the maker h sold 20,000 and would doubt sell a lot more were not that royal wedding or royal wedding the Potteries on holiday.

Warrington poll set for July 16

BY RICHARD EVANS, LOBBY EDITOR

THE FIRST Parliamentary test for the main political parties since March last year will be on July 16, when the Warrington by-election will be held. The writ was moved inthe Commons yesterday.

The Cheshire seat was held by Labour at the General Election with a majority of 10,274 over the Conservatives, with the Liberals a poor third. The by-election will provide the first major electoral test for the Social Democrats.

The target of Mr Roy Jenkins, the SDP candidate, and former Labour Chancellor of the Exchequer, will be to make substantial inroads into the Labour vote to prove that the new party is an electoral force to be feared in safe Labour areas. He will have the active backing of the Liberal Party.

The Labour candidate, who starts the campaign as favourite, is Mr Doug Hoyle, a Left-wing member of Labour's national executive committee and a former MP. Mr Stanley Sorrell, a London Transport bus-driver, represents the Conservatives.

The by-election was caused by the appointment of Sir Tom Williams, QC the sitting MP, as a circuit judge.

The other by-elections outstanding are the Tory marginal seat of Croydon North-West and, for the second time this year, Fermanagh and South Tyrone, left vacant by the death of Bobby Sands, the IRA hunger-striker.

1,000 redundancies at ITT Creed

BY ELAINE WILLIAMS

NEARLY 1,000 redundancies and the closure of a teleprinter factory were announced yesterday by ITT Creed, part of the U.S. International Telephones and Telegraph group.

Changes in manufacturing technology and the forthcoming liberalisation of the telecommunications network are blamed.

The factory at Treforest in Wales will close with the loss of 425 jobs, while 555 jobs are to be phased out over a six month period from September in Brighton.

The cuts, which reduce the total workforce by more than a half, will also affect the Mitcham, Surrey, factory where there will be 10 redundancies. All the workers concerned produce electromechanical teleprinters.

ITT Creed's major customer for electromechanical teleprinters is British Telecom which uses them for the telex service. However, the liberalisation of the telecommunications network will open up competition in this market.

The company, which faces competition from France, U.S., Germany and other UK manufacturers, is to concentrate production of a new range of electronic teleprinters at Brighton. The output of these machines will be increased—but they use fewer components and require less manpower to build.

Earlier this year another part of ITT, Standard Telephones and Cables, announced 650 redundancies in Northern Ireland. These job cuts were also the result of the move from electromechanical to electronic designs.

Hoverlloyd-Seaspeed merger is approved

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE GOVERNMENT has given the go-ahead for the merger of Swedish-owned Hoverlloyd and British Rail's Seaspeed cross-Channel hovercraft companies.

The two services have been losing money and face fierce competition.

The decision was expected, although clearly unwelcome to the other struggling ferry operators, all of whom have been engaging in debilitating price wars.

But the Monopolies and Mergers Commission, which said yesterday that the proposed merger would not operate against the public interest, clearly felt a restructured hovercraft business would be better than none at all.

Seaspeed has been losing money for several years, while Hoverlloyd finally went into the red in 1980. Its owner, Brostroms Rederi, who had vainly tried to sell it, told the commission it intended to shut down the company, probably before the end of 1982, if there were no merger.

The commission's report said both P & O Ferries and European Ferries "were strongly opposed to a merger that would perpetuate and prolong the uncommercial nature of the service at present provided by British Rail Hovercraft."

P & O and European Ferries argued that the rising price of fuel and the capital requirements were two major reasons why Hoverlloyd and Seaspeed could not be expected to be profitable—"without a merger, both hovercraft companies would cease operations, sooner or later, probably sooner."

The Monopolies Commission concluded after its three-month study—less than the usual time taken—that "the merger affords the best prospect of maintaining effective competition from hovercraft on the short-sea routes."

Hoverlloyd and Seaspeed accounted for 19.5 per cent of the combined Anglo-French and Anglo-Belgian ferry traffic last year, down sharply from 25.2 per cent the year before.

The commission regretted that some 250 jobs would be lost through the merger, but said the deal would protect the other 850 jobs plus temporary ones in the summer.

Together, the companies operate six hovercraft. Hoverlloyd has four travelling between Ramsgate and Calais, each able to carry up to 37 cars and 280 passengers.

Seaspeed has two larger ones, which can take 424 people and 55 cars; it operates with French Railways (SNCF), which also has a hovercraft capable of carrying up to 400 passengers and 60 cars.

Hoverlloyd and Seaspeed will now resume talks on their merger into a new company,

CROSS-CHANNEL HOVERCRAFT LOSSES (£M)

	1976	1977	1978	1979	1980
HOVERLLOYD					
Turnover	10.5	14.6	16.8	18.6	17.2
Profit (loss) before tax	1.1	1.5	1.2	0.2	(0.7)
BRITISH RAIL HOVERCRAFT (SEASPEED)					
Turnover	5.2	4	5.6	12.3	13.1
Profit (loss) before interest and tax	0.005	(0.6)	(2.2)	(0.8)	(2.9)

Hoverspeed, which will have capital of £25m in equity and loan stock, equivalent to the fixed assets' book value.

British Rail and Brostroms would, under the original plan, each have 50 per cent, although SNCF has indicated since the signing of the report that it would take part in Hoverspeed from the outset, owning a minority interest.

The merger would be chiefly aimed at:

● Eliminating duplicated activities and costs, especially in administration and marketing.

● Concentrating most of the repair and maintenance at Hoverlloyd's Ramsgate (Pegwell Bay) workshops.

● Concentrating hovercraft flights on Dover, but keeping Pegwell Bay as a secondary port.

It remains to be seen whether Hoverspeed can make money. The two merging companies have not made a detailed assessment of the long-term viability of the combined company, according to the commission's report.

"They are not, therefore, able to say whether the new company is expected to survive for a prolonged period. Nor can they forecast whether it is likely to make sufficient profits to undertake major capital investment, such as re-engining; still less whether it is likely, when the time comes, to be able to purchase a new replacement hovercraft, if available."

As for what happens if the Channel Tunnel is ever built, this is something that all ferry operators would rather not have to contemplate just now.

● European Ferries will hear later this year whether its bid for Sealink UK, also part of British Rail, has been approved.

British Rail Hovercraft and Hoverlloyd. Report by Monopolies and Mergers Commission on proposed merger. Price HMSO £3.60.

Farm surplus support costs soar to £760m

By John Edwards

THE COST of financing Britain's farm surpluses, rose sharply last year by £220m to a record £760m, it was revealed yesterday.

The Treasury's net share of the bill rose to £125m against £35m previously, with the remainder coming out of the EEC Farm Fund in Brussels.

The Intervention Board for Agricultural Produce, in its annual report, said the big rise in costs last year came from support-buying of surplus grain on a large scale for the first time; the introduction of the sheepmeat regime in the Common Market; and rising export subsidies.

The record grain crop in Britain last year boosted the board's stocks of surplus barley and wheat from below 500 tonnes at the end of 1979 to more than 625,000 tonnes at the end of last year.

Total expenditure by the board was £762m, of which £188m was borne by the Treasury and £574m by the EEC.

Councils 'will oppose any limits on rates freedom'

BY ROBIN PAULEY

LEGISLATION planned for the autumn to limit the freedom of local authorities to decide their owin rate rises "entered the constitutional arena" and would be opposed, Mr Ian McCallum, chairman of the Association of District Councils, said yesterday.

In a letter to Mr. Michael Heseltine, Environment Secretary, he said the Conservative-controlld ADC, which represents 333 district councils in England and Wales, would oppose attempts by the Government to impose further controls over local authorities.

Mr. McCallum urged Mr. Heseltine at the last meeting of the Consultative Council on Local Government Finance not to go ahead with plans for new legislation.

The association's policy committee has since condemned "the apparent intention to restrict powers of local authorities to levy rates according to their judgment, and to substitute the judgment of the Secretary of State."

The Government's proposed legislation would limit the amount by which the non-domestic rate could be increased each year and the amount which could be raised in the first rate call on domestic ratepayers.

Further spending would have to be financed by a supplementary rate and there would be a limit on how much could be raised by each supplementary rate.

Some high spending councils mght therefore have to levy two, or even three, supplementary rates on their domestic ratepayers in one financial year.

The Cabinet is understood to be having second thoughts about the plan to force either a referendum or a full council election before the first supplementary rate could be levied. The constitutional implications of this could cause delays to the Bill when it reaches the House of Lords.

UK NEWS—LABOUR

Railmen propose reduced overtime to create jobs

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of British Rail's largest union are making proposals to cut overtime and rest-day working which they believe may reduce the need for job cuts which the Government has demanded in return for further rail electrification.

Officers of the National Union of Railwaymen have put the proposals in a document for the Union's executive as background to a statement on the 35-hour week at next week's annual conference. This will become part of the union's case in two days of discussions on productivity with British Rail afterwards.

The paper says that elimination of all overtime and rest-day working—much used by railmen to supplement basic pay—would create 20,000 jobs.

This could be offset against the target the Government wants BR to adhere to of a reduction of a further 30,000 jobs by 1985. If Sundays were included as part of the normal working week this could provide a further 12,000 posts to be offset.

NUR leaders recognise the difficulty in getting their members to accept cuts in overtime: the men want a certain amount of it to maintain pay levels.

In the week after the productivity meeting in Watford, the unions are pressing for a meeting of the Rail Council, BR's highest consultative organisation, to examine progress in talks between BR and the Department of Transport on details of the electrification programme.

As well as electrification, the unions may also press for an increase in the Public Service Obligation grant, given by the Government to help fund socially necessary parts of the railway network, and an extension of the PSO to some Inter-City routes.

Mr Sid Weighell, NUR general secretary, said yesterday: "We want to see the colour of the Government's money. There will be a sensible response from us if the Government carries out its commitment."

The imminence of the meetings delayed any decision on industrial action over investment — which was urged yesterday by the train drivers' union Aslef at a joint meeting of leaders of all three rail unions.

Aslef has a two-day conference opening in London on Monday at which there will be further pressure for action over cuts in rail services.

Over 50% join ambulance strike

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE GOVERNMENT and the unions both claim to be encouraged by the action by Britain's ambulancemen yesterady, when between half and two-thirds of the 17,000-strong service responded in some form to the strike call.

Mr Bob Jones, secretary of the joint union side, said that 29 of the 55 ambulance services had taken action. Many of those who remained at work said that they favoured a more militant strategy of lightning strikes without emergency cover.

Areas unwilling to take any kind of action—such as Manchester, Nottingham and Leicester—were areas where a high bonus was paid. The unions had been "encouraged by the messages of support they had received from the public."

Mr. Patrick Jenkin, Social Services Secretary, said last night that the number of ambulancemen working normally showed that support for the strikes was waning.

He said: "I am glad that most ambulancemen have shown that they recognise that there really is no point in taking action which only puts patients at risk."

In London, the union claimed that 65 per cent of the 2,300 ambulancemen had responded to the call. Last week, London ambulancemen worked normally during the national stoppage. Earlier they had staged a 24-hour stoppage without providing emergency cover.

Mr. Terry Pettifer, a member of the London ambulancemen's executive, said that members took the action to express support for colleagues in the rest of the country.

The Social Services Department said that all emergencies had been covered by ambulancemen working normally, by the St John's Ambulance service or by the police. Troops were on standby but were not called in.

Unions attack cuts in naval dockyards

BY JOHN LLOYD, LABOUR CORRESPONDENT

CRITICISM of the Government's cuts in the naval building programme came yesterday from unions with members in the naval dockyards and shipyards.

The Transport and General Workers Union pledged a fight against the cuts at its biennial conference yesterday—in spite of a resolution passed earlier in the week reaffirming its support for unilateral disarmament, including a call for the immediate reduction of conventional arms spending.

Mr Alan Brown, a delegate from Yorkshire, told the conference at Brighton: "At this time of high unemployment, the union must do all in its power to prevent these cuts from taking place, bearing in mind specially that they are being made to finance and make way for Trident missiles and their bases."

Mr Brown said the loss of 7,000 jobs at Chatham dockyard and 6,000 at Portsmouth dockyard would be complemented by large-scale unemployment among associate industries employing about 20,000 workers.

Mr. Larry Smith, the union's executive officer, told the conference: "We reassure our members in the conventional arms sector that Britain will always needan effective defence force to protect our shores.

"That is why we are opposed to the closure of naval dockyards and other establishments. We are also opposed to the reduction of conventional weapons so that it can pay for the H-bomb."

The effect of the cuts in the shipyards will be debated next week by the Confederation of Shipbuilding and Engineering Unions, which holds its annual conferece in Ayr.

Mr. Bill Niven, national officer of AUEW Tass, said last night that "the writing is on the wall" for a number of yards after 1983-84.

"The confederation must sit down with British Shipbuilders to discuss the future strategy of the company beyond that point. The quicker we begin to talk sensibly about diversification because of the Government's intention to phase out frigate building the better."

Sacking protest at Lucas

By Our Labour Correspondent

LUCAS AEROSPACE yesterday disputed claims of a successful protest strike by members of the white-collar engineering union AUEW Tass over the sacking of the union's former president, Mr Mike Cooley.

The union said that all but the division's Liverpool and Bradford plants responded to the one-day strike call.

A mass meeting was held at the Willesden plant where Mr Cooley was employed, and both the Willesden and Hemel Hempstead plants were picketed.

The company said that less than half of the 1,700 Tass members in the division took action, and the production not significantly affected.

Blue Circle offer voted

NORMAL PRPODUCTION will resume this weekend at Blue Circle cement works in Britain after process workers votad overwhelmingly on a union-organised national ballot to accept a 20-month pay settlement.

The settlement gives a 8.5 per cent rise on grade rates and allowances from last May 4, a one-hour cut in the working week—down from 40 to 39 hours a week—from next August 31; and a further 10 per cent increase in grade rates from next February 1.

The settlement lasts until December 31, 1982, and is an important departure from the cement industry's tradition of 12-month pay settlements.

Labour hopes to raise fees

BY CHRISTIAN TYLER

LABOUR Party leaders have arranged a private meeting with general secretaries of the main trade unions affiliated to the party in the hope of persuading them to support a proposed 25 per cent increase in affiliation fees.

The party expects to break even this year despite earlier warnings that it faced an accumulated deficit of £500,000. However there is still likely to be a deficit of between £170,000 and £200,000 left over from last year.

The party wants to raise the present 40p a year per affiliated member paid by the unions to 50p from January in order to raise the union contribution—by far the biggest element of the party's revenue—from £2.4m to £3 a year for the next three years.

At the same time it is to ask the unions, whose political funds have been badly depleted by loss of membership during the recession, to raise a further £3 by 1983 for a general election campaign chest.

On July 8 an appeal will be made to general secretaries who belong to Trade Unions for a Labour victory by Mr Eric Heffer, chairman of the party's organisation committee, Mr Russell Tuck of its finance committee and Mr Ron Hayward, the party's general secretary.

The unions will be asked to give up the idea of a special voluntary levy.

There is some suspicion in the party of the TULV organisation, although it has been formally reconstituted as a non-political body concerned only with organisation and finance.

In fact, Mr Norman Atkinson, the party's treasurer, comments "Some view TULV favourably as a means of preventing the trade unions breaking down politically into formalised left and right groups, while others view it with alarm.

Disarmament call backed

The Confederation of Health Service Employees yesterday joined the growing list of trade unions favouring unilateral nuclear disarmament.

Delegates took the decision at COHSE's annual conference in Bridlington, Humberside, but added that Britain should maintain with her partners "a full defensive potential for joint security."

Diplomatic messages hit by strike

BY OUR LABOUR STAFF

STRIKE ACTION by civil servants is disrupting diplomatic and other communications, according to an internal memorandum prepared at the Foreign and Commonwealth Office.

The Council of Civil Service Unions this week called out on strike photoprinting staff who copy telegrams and other communications for the various departments.

A note from the Foreign Office communications operations department states that normal copying has now stopped. Outward telegrams are being returned to their departments and inward items receiving limited circulation.

The note states that diplomatic bag services are being disrupted by action by air traffic control staff. It advises departments to make correspondents' aware that such diplomatic messages may be delayed.

Action by staff yesterday at the West Drayton air traffic control centre, near London's Heathrow airport, affected about two-thirds of normal flights, according to the unions.

British Airways believes the strikes will have cost it about £40m by the end of this month, which could rise to £80m-£90m by the end of August.

The council is predicting that the pay campaign, now at the end of its 16th week, could be maintained "until Christmas" if members pay the levy for strike pay required by those out at selected key centres. It is not yet clear whether the unions' appeal for a special payment of £1.5m to £1.75m has been successful.

The unions were sharply critical of a speech of Sir Geoffrey Howe, Chancellor of the Exchequer, on pay. They said it was difficult to see how the Government's promise of genuine negotiations on Civil Service pay next year could be maintained in the light of it.

THE WEEK IN THE MARKETS

Electronics stay on top

LONDON

ONLOOKER

UK manufacturing industry is still having a very rough time and there was not much excuse for enthusiasm in the Stock Exchange this week. Chloride's problems were no secret but the scale of the battery maker's losses—and of the accompanying rights issue—came as a real shock.

The message from Vickers was less dramatic but still disconcerting to those who had been forecasting economic recovery. The improvement in new orders which had been seen in March had not been sustained in the following two months, shareholders were told at the annual meeting. And Vickers is not alone in its disappointment.

Elsewhere, the gold bugs were looking distinctly squashed as high interest rates, a strong dollar and a falling oil price took their toll on the bullion market.

Defence sector

How times change. It only seems yesterday that stockbrokers were telling us to fill our boots with anything even vaguely connected with defence. Now the emphasis is on how little their favourite companies have to do with the business of supplying a penny-pinching British Government with weapons systems. Only 18 per cent of Plessey's sales go to the Ministry of Defence. Racal can do even better: HMG takes just 13 per cent of its sales.

In the event, though, Thursday's long awaited statement by Defence Secretary, John Nott, held no terrors for the quoted companies involved in the arms business. Most notably, shares in British Aerospace moved smartly ahead yesterday morning on the decision to go ahead with a joint manufacturing and purchase agreement with the U.S. for the McDonnell Douglas AV-8B version of the Harrier vertical take-off fighter. That should bring business worth £1bn to the UK aerospace industry.

Overall defence spending is set to rise by an annual 3 per cent in real terms during the next four years, which means that it is likely to absorb an even greater chunk of the UK's gross domestic product.

Shares in three of the defence specialists had a further reason for excitement this week. Racal, Plessey and Ferranti all produced profit figures which were good enough to draw lyrical comments from their admirers.

Ferranti's profits jumped by three-fifths to £18.1m, and even after allowing for the benefit of the rights issue and the cost of industrial troubles a year ago, there seems to have been an underlying improvement of about a quarter. Growth on that sort of scale is again in view this year.

Over at Plessey, profits have risen by two-fifths to £84.5m, and remain on a consistent upward trend. Its order book has risen by some 21 per cent over the past year, and with a marked improvement in just about all the financial ratios, profits are heading towards £100m in 1981-82.

The figures from Racal were the least spectacular but in some ways the most encouraging of the three. They showed that the group has got to grips with Decca's problems in the first 12 months after it was bought for £106m, and that the acquisition's recent losses are going to be converted into substantial profits during the next couple of years.

Racal is racing neck and neck with Plessey towards the £100m profit mark (last year it made £73.2m) and there is scope for a lot more from Decca in the following year. It all goes to show that while the mechanical engineering sector is on its knees, the electrical and electronic industry is booming.

THF squeezed

As the rumble of gunfire dies down around the Savoy, Trusthouse Forte is getting back to everyday life. Its first half figures, published on Thursday, showed that business has been pretty lean of late, especially during the winter months.

Occupancy rates in the London hotels fell by 4½ percentage points over the Christmas period, and although the number of guests is now much more in line with last year's level, this has only been achieved by holding down tariffs.

However, the rise in the dollar should be a help—both in encouraging more tourists to come to the UK and when it comes to translating THF's big U.S. earnings into sterling. And then, of course, there is that royal wedding.

Chief executive Mr Eric Hartwell says there is no doubt the London hotels will be very busy in the second half of July and August. But he thinks the greatest effect of the lovely day may be that it will cheer up all up a bit—and encourage us to spend a bit more somewhere in the THF empire.

With a little help of this kind, overall profits for the year may not be far short of the £66m pre-tax reported in 1979-80. Next year, THF hopes to be reaping the rewards of its current very high level of spending on new hotels and improved facilities. And there is always the prospect of THF mounting another assault on the Savoy once the 12 months truce enforced by the City Takeover Panel comes to an end.

Opencast opportunity

What does it take to become Britain's fastest growing company over 10 years to 1980? Management Today, the magazine which regularly measures these things, has recently awarded Burnett and Hallamshire this title and its results published last week for the year to March 31 last are still setting a cracking pace.

With his tongue firmly wedged in his cheek, Burnett chairman, George Helsby, explained the group's phenomenal expansion by saying that "we're just lucky." On a slightly more serious note, he added that "we've been in the right place at the right time."

There may be an element of truth in that. With a contribution of £8.2m, the coal mining activities, still essentially based in this country, helped to lift overall profits by 70 per cent to £12.5m.

Burnett still has positive cash balances but it has been spending heavily to buy coal reserves overseas. In many instances, South America and the Philippines, for example, it has contracted to sell much of its projected output to nearby users.

But perhaps the most ambitious project, and one in which the group sees possibilities of what it calls "exotic profits," is the 3,800 acre site in Pennsylvania it purchased earlier this year from a Mormon widow called Mrs Zella Gehagen. The Gehagen property has estimated reserves of 20m tons of coking coal.

It is contracted to sell some of its estimated 1m tons annual output to a nearby washing plant, but the prime attraction is to sell the bulk to steel companies worldwide. With a global shortage of premium coking coal, the group expects big profits from its initial £4.5m outlay and the £25m investment it expects to pump into the site. And that is at the ruling selling price of $40 per ton. The group says that the U.S. price has been up to $100.

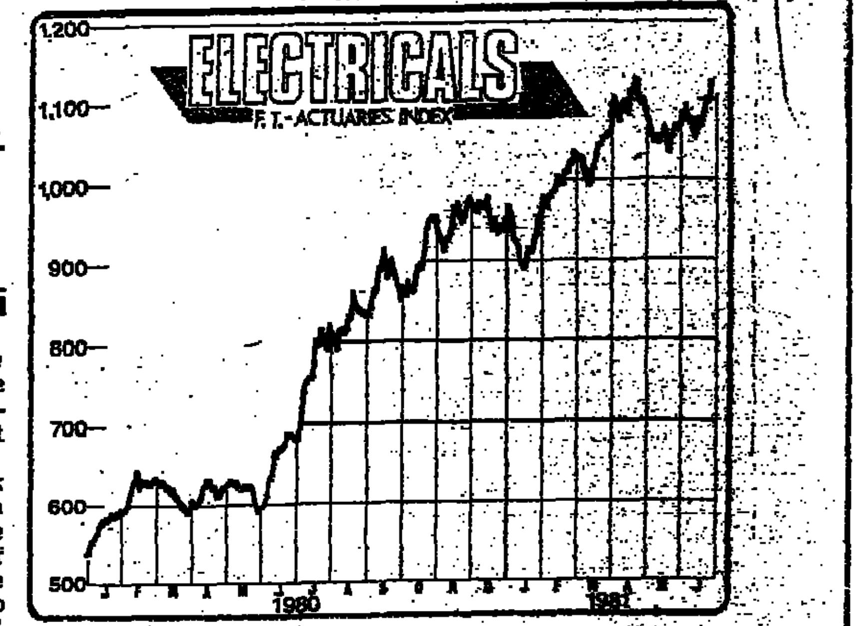
Memec entrance

The small but glamorous ranks of the quoted electronic component sector are about to be swelled from four to five. Memec (Memory and Electronic Components) is offering 3.75m shares for sale at 140p each valuing the company at £15m. The prospectus will be advertised on Monday.

Memec splits down into two divisions, electronic component distribution, where it concentrates on the active high technology end of the market, and the newer faster growing microcomputer equipment selling business. It's all good high technology stuff. The active component market is expected to grow more than 30 per cent to £110m next year (Memec says it has about a tenth of the market) while industry talk is that minicomputer sales will jump 40 per cent.

But the current year is a tough one. The whole sector has been knocked sideways by the combined blows of recession and price cutting. Electrocomponents, largest in the sector, reported this week a second half profits rise of a mere 5 per cent.

So Memec comes with a profits forecast of not less than £1.55m—just 9 per cent up on last year. Within that components will be down and microcomputer sales, which are less vulnerable, could well end up producing half the profit.



MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1981 High	1981 Low	
F.T. Ind. Ord. Index	540.9	− 0.5	597.3	446.0	Indecisive leaders
Avana	295	+20	295	190	Results due July 1st
British Aerospace	237	+17	239	170	Harrier/communications deals
Chloride	25	−10	43	25	£13.5m loss and £17.3m issue
Ferranti	575	+60	600	425	Defence statement
GEC	732	+43	732	573	Defence statement/figures due
Lec Refrigeration	190	−22	220	86	Bid speculation fades
M.I.M. Holdings	248	−28	290	190	To lift stake in Asarco
Mansfield Brewery	246	+28	246	178	30 per cent jump in annual profits
Racal Elec.	416	+49	416	284	Results/Decca profits forecast
Randfontein Estates	£20½	− 4½	£39¾	£20¼	Disappointing interim dividend
Renold	49	−15	75	47	Annual loss/final dividend passed
Rothmans	70	+ 6	86	38	Renewed bid hopes
Sainsbury (J.)	416	+26	425	330	Persistent support
Silentnight	92	+13	92	47	Following AGM
Sovereign Oil	345	+20	430	278	Broker's circular
Thorn EMI	394	+12	416	282	Boom in video sales
Venterspost	475	−72	643	375	Fall in gold price
Vickers	162	−15	216	129	Statement on current trading
Wilkins and Mitchell	23	+ 7	44	16	After recent weakness

Boxing the compass

MINING

KENNETH MARSTON

THE GOOD Ship "Mining Investment" seems to be drifting around again in choppy seas without any clear direction. Gold shares, for example, have been behaving quite well but are now weakening in line with the metal price.

However, reduced tax paid by the South African mines under the sliding-scale formula will be cushioning the fall in earnings resulting from lower bullion prices. And high yields of 20 per cent and more discount much of the likely lowering of dividends.

The base metal issues struggle on under the burden of rising costs and low metal prices while the share market braces itself for some poor second quarter results from the transatlantic companies. And hopes of an upturn in the third and fourth quarters are beginning to fade.

Because it is also difficult for investors to replace what is probably still good income by switching into more positive situations, the present seems to be a time of maintaining faith in long term convictions. These must include the recovery prospects of the base metal miners in the U.S. and Australia.

Meanwhile, the mining finance houses keep up well, largely because of the lingering possibilities of further take-over moves on the part of the oil majors. Rightly or wrongly, this is the case in **Rio Tinto-Zinc**, for example, and **Amax**.

Both stocks should be worth staying with for their long term earnings prospects and the value of their mining assets. This is the view taken of the mineral industry generally by the oil majors, although the latter are now more aware of the fact that mining is no push-over.

The mining companies have to live with much sharper swings in the price of their product than do the oil companies and mining can also run into more technical problems and, by virtue of the greater numbers employed, more labour troubles as well.

British Petroleum, via its take-over of **Selection Trust**, now finds itself with a real problem child in the shape of the Australian **Seltrust Holdings**. The last-named was formed two years ago as a vehicle for the mining group's Australian activities in which the investing public Down-Under would be encouraged to participate.

Consequently, just over 20 per cent of its shares were offered to Australian investors. But, not to put too fine a point on it, Seltrust Holdings is now in a mess. Its big Agnew nickel mine has been beset by technical troubles and low metal prices while its investment in iron ore has suffered from labour troubles and a poor market for iron ore.

The financial situation of the company has deteriorated to the extent that it is now having to raise A$50m (£29m) in order to pay its preference dividend and repay short term debts. "Not the sort of background which a company would normally regard as desirable for the raising of further funds," is the frank comment of the chairman, Mr. John Du Cane.

The terms of the issue are due to be announced at any time now, but on the face of it, it would seem unlikely that anyone would be hurt in a rush to subscribe for the new shares. On the other hand, it must be remembered that BP has other important mining interests in Australia which bode to do very well indeed.

It would be embarrassing, to put it mildly, if the BP vehicle for Australian investors was allowed to continue to do badly while the British company's other interests there flourished. Politically, this would be quite unacceptable and with various options open to BP to redress the situation, Seltrust Holdings may be down, but certainly not out.

Australian sensitivities to the size of overseas investment in the country's natural resources have to be taken very seriously indeed. Largely because of this, the holding of America's Asarco of 48.9 per cent in the Australian **MIM Holdings** base metal group is to be reduced to 44 per cent.

This will be done by Asarco selling MIM shares to Australian interests over the next 18 months. At the same time, MIM is to raise its holding in Asarco from 2 per cent to about 16 per cent by share purchases. The various deals will involve around £160m and effectively they will reduce the Asarco net stake in MIM to about 37 per cent.

The advantage to MIM of the plan will be mainly in the company being better placed to move into future joint ventures in Australia under the foreign investment guidelines. It will also give the group a large stake in Asarco's wide ranging U.S. mining and oil interests.

Asarco, on the other hand, will benefit from a sizable injection of new money from the sale of MIM shares. The deal will also, of course, help to protect the U.S. company from any take-over approaches.

Strictly speaking, London's **Charter Consolidated** can no longer be described as a mining finance house now that it has branched out into a wide range of industrial interests following the 1979 restructuring. These managed to do reasonably well in the past year to March 31 with the notable exception of Cape Industries' disastrous automotive division.

On the other hand, good dividends were received on the holding in precious metals refiners Johnson Matthey, share-dealing profits expanded and interest income was boosted by the £100m received from the sale of the group's holding in Selection Trust to BP.

In the circumstances, a rise in pre-tax profits, of just under 3 per cent to £53.7m and a 19 per cent gain in the net profit to £33.2m (equal to 31.7p per share) can be considered satisfactory. Better than expected has been the increase in the dividend total to a three times covered 10p net compared with 8.35p for the previous year.

Against the current economic background the current 12 months will not be easy for Charter, but the group still expects some profits growth; something in the region of 33p per share could be on the cards.

Charter is blessed with a strong financial position, it having £70m readily available after having spent on new acquisitions about £74m of the funds received from the Selection Trust sale. Then, too, the net asset value is impressive at around £500m, or 475p per share which is about double the current share price.

By UK industrial market standards these figures coupled with the Charter price-earnings ratio of 7 and yield of 6 per cent are acceptable enough. But mining investors may prefer to look for something more exciting.

Seagram's foray

NEW YORK

PAUL BETTS

TAKEOVER FEVER returned to the New York stock market this week dissipating some of the gloom which the uncertain U.S. interest rates outlook continues to shed all over Wall Street.

The big event was undoubtedly the huge takeover battle for Conoco, the country's ninth largest oil company and the second biggest U.S. coal producer. It all started late last Friday night when Conoco announced that a mysterious foreign corporation had made an unwelcome offer to buy about a quarter of its stock. To fend off the mysterious bidder, Conoco said it was engaged in rival merger negotiations with a major U.S. company.

On Monday, Conoco identified the foreign company. Surprise, surprise, it was Seagram of Canada, the huge drinks group which has been shopping around for a major U.S. acquisition ever since it sold its oil and gas interests in the U.S. last year for $2.3bn. Conoco also disclosed that it had rejected Seagram's initial $2bn offer for 25 per cent of Conoco's stock but that Seagram intended to make open market purchases of its shares.

The market went crazy. Speculation started flying around on the unidentified U.S. company that would rescue Conoco from Seagram's clutches. Conoco's share price, which has been hovering at the mid 50s level for the past few weeks, started rising and reached $62 before trading in the stock was suspended at the company's request.

Meanwhile, the share prices of a number of energy companies started shooting up. Diamond Shamrock, Cities Service, Marathon Oil were all rumoured to be talking with Conoco. And then, Cities Service requested a suspension in trading of its shares pending an announcement. That fuelled lots of speculation (which turned out to be correct) that Conoco's white knight was the Oklahoma-based energy company. The excitement rose further as the market started assessing the possible impact of a merger between Conoco and Cities Service which would create a new seven sister the size of Gulf Oil.

But Seagram, still licking its wounds from the failed bid to take over St Joe Minerals, returned to the attack with a $2.55bn bid for 41 per cent of Conoco offering to buy 38m Conoco shares at $73 each. The new bid scuttled Conoco's merger talks with Cities Service, and now Seagram looks set to win in its latest foray in the U.S. When Conoco shares finally reopened on Friday, they were up two dollars at $64.

Indeed, the oils are returning to favour in Wall Street as many dealers believe they are going for a steal. Many in the market now expect the oils to return some leadership to the stock market.

But if the Conoco battle were not enough, Texas Gulf, another leading U.S. mining and energy concern, shared the headlines yesterday. Elf Aquitaine of France announced a bid of $2.5bn for the company. This involved a complicated arrangement whereby the Government-controlled Canadian Development Corporation would take over the Canadian assets of Texas Gulf and Aquitaine in return for its 37 per cent stake in Texas Gulf among other things.

For weeks, Texas Gulf has been the subject of intense takeover speculation on Wall Street. Like other mining and minerals companies it was seen as a potential target and its stock has been picking up steadily in expectations of a major bid. The stock had been shaken in February when the Texas Gulf chairman and seven other top officials died in a plane crash.

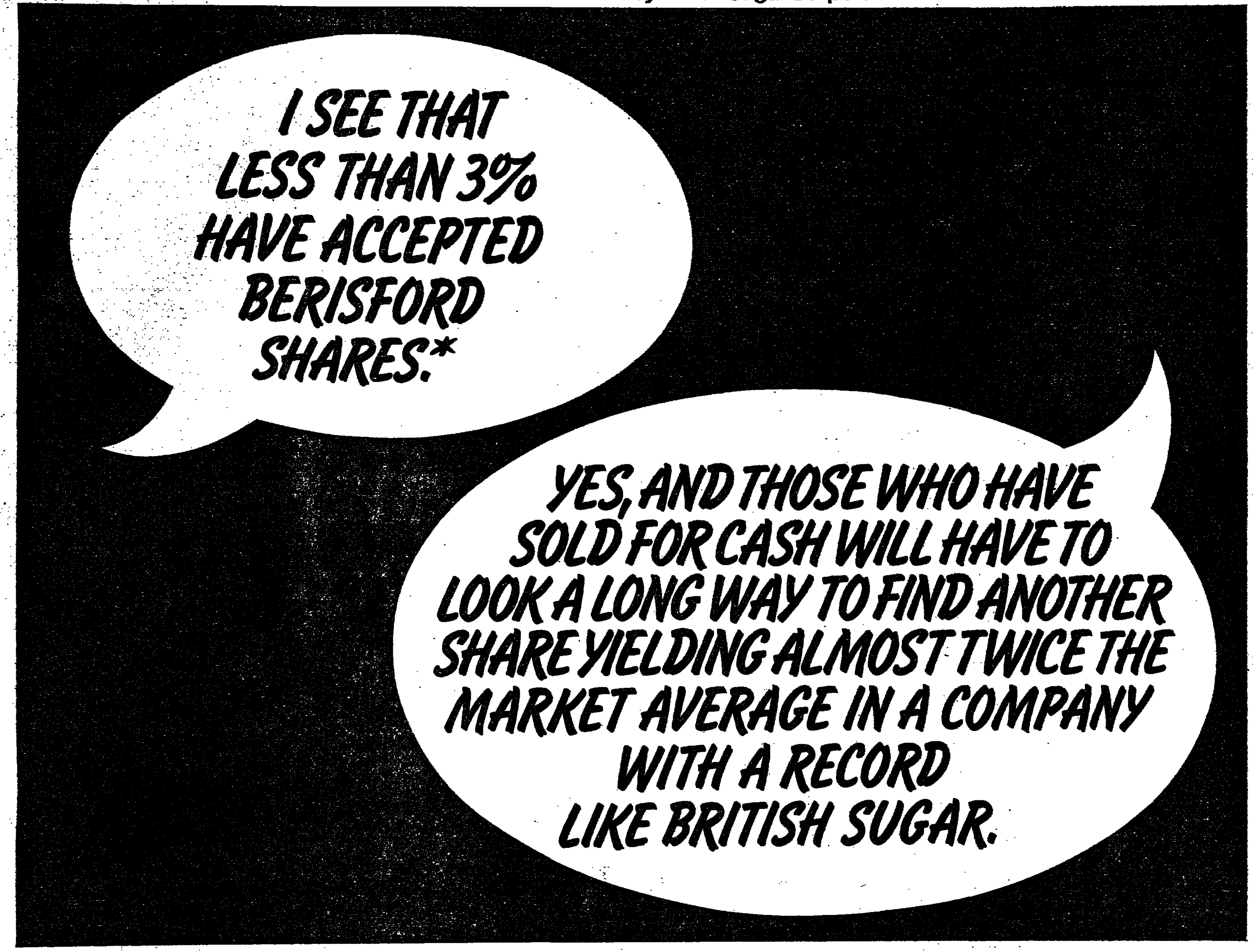
The French bid involves a $50 a share offer for Texas Gulf shares which climbed earlier this week to $37½ on the stock exchange in New York.

There were a number of other takeover bids this week. Although they paled in the face of the Elf and Seagram bids, they none the less caused additional excitement.

One involved another Canadian company, French owned to boot, bidding for General Portland Cement, one of the top ten U.S. cement concerns. Canada Cement Lafarge is offering $45 a share for the U.S. cement company whose share price soared more than $8 to $41½ when the offer was announced.

Monday	994.20	− 1.99
Tuesday	1006.66	+12.46
Wednesday	999.33	− 7.33
Thursday	994.77	− 4.56

This advertisement has been issued by British Sugar Corporation Limited



*Acceptances in respect of 3.15% of British Sugar shares announced by Berisford on 16 June, 1981 have since been reduced by revocations in respect of 227,544 shares (0.38%).

No wonder British Sugar shareholders are rejecting the Berisford bid!

Berisford have made no claim to progress during the last week in their attempt to take over your company. Indeed growing numbers of shareholders who had accepted their offer are now exercising their right to revoke those acceptances. Leading institutional investors are on record as opposing the bid. They want British Sugar to remain independent.

Now Berisford are becoming desperate, and trying to stampede shareholders with alarmist threats about the share price if the bid fails.

Do not be alarmed by Berisford claiming that at least 60 per cent. of British Sugar's shares could be put on the market which could result in a fall in the share price. We reiterate:-

- in the opinion of our financial advisers, J. Henry Schroder Wagg & Co. Limited, the Government's holding could be placed without upsetting the market in British Sugar shares.
- Is it likely that Berisford would dispose of their shareholding in such a way as to depress the share price unnecessarily when their own commercial interest would lie in keeping it high and realising the maximum price?
- British Sugar shares are still fundamentally undervalued and do not reflect the worth of the business.

Do not be pressurised by Berisford, their bankers or brokers into believing that your last chance to accept their offer is 3 p.m. on July 1. The Panel on Takeovers and Mergers have required Berisford to announce that you would still have 14 days after July 1 to accept if the offer went unconditional.

If you have accepted the bid we would urge you to withdraw your acceptance by completing the form of revocation already sent to you and sending it to J. Henry Schroder Wagg & Co. Limited. If you have not accepted the bid we again ask you to

Stand firm and take no action

REJECT THE BID

BRITISH SUGAR
CORPORATION LIMITED
THE RECORD SPEAKS FOR ITSELF

The publication of this advertisement has been approved by a duly authorised committee of the Board of British Sugar Corporation Limited. Each Director has taken all reasonable care to ensure that both the facts stated and the opinions expressed herein are fair and accurate. Each Director of British Sugar Corporation Limited accepts responsibility accordingly.

YOUR SAVINGS AND INVESTMENTS—1

A question of tenancy

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Mr X rented a flat along with 2 other people, but only his name appeared on the rent book. When X left, Y, one of the original occupants, took over the payment of the rent and I entered the flat in place of X. Y is now thinking of leaving. Does the landlord have the right to refuse payment of rent from me, and tell me to leave? If not, could he convert the tenancy to shorthold?

The landlord is not bound to grant you a tenancy if you were sharing with Mr Y but not yourself a tenant. The landlord might seek to obtain possession and re-let only on a shorthold tenancy. However, it remains a question of fact whether you might have become a tenant (eg a joint tenant with Mr Y) yourself.

Foreign currency deposits

I would appreciate your advice on three questions on foreign currency deposits relating to your remarks under Foreign Currency Deposit (May 23).
1—Is Barclays Bank Finance Co. (Jersey) Ltd. a bank? (that is will deposits with this establishment be liable for C.G.T.?)
2—For C.G.T. purposes, is there a distinction between money left on deposit for a fixed term and money left on deposit subject to the same fixed term notice of withdrawal? (And if so, which is subject to C.G.T.?)
3—Can you confirm that U.S. money mutual funds are not banks?

1—No, but why not ask Barclays?
2—No; but the distinction may be significant for income tax assessments on the interest, under case V (or III) of schedule D.
3—Yes; but U.S. mutual-fund shares are chargeable assets, of course, as are units in unit trusts.

Smallholding transfer

I own and run a smallholding. One of my sons would like to live in my house, to which it is attached, on my death. In the meantime he would like to buy the property for cash, with the proviso that I could live in the house for my lifetime. I would pay rent for it.

Could this transaction be done in a legal manner and if so would the smallholding be liable to capital transfer tax on my death? Would it be in order for my son to pay the price I ask, or must I have an independent valuation?

What you propose is feasible. If the full market price is paid the smallholding will not be chargeable to Capital Transfer Tax. It is therefore wise to have an independent valuation.

VAT payment on building work

I refer to your reply Your reply under Payment of VAT on building work (May 16).
I am about to sub-divide my house into two or three flats—what will the position be on VAT for electrical/plumbing/building work?
At the same time I am having to renew/repair certain drain pipes etc—would these also be zero rated?

Providing the work in subdividing your house is done by a builder registered for VAT the cost of his building services and materials will be zero rated. If electrical and plumbing work has to be carried out in the course of making the alterations that work will also be zero rated. If the renewal of drain pipes is necessary because of disrepair rather than because of the alterations that work will be liable to VAT.

Taxmen and the law

I have an occupational pension which was paid gross, and assessed for income tax on an earnings basis until 1978-79. SAYE was applied from 1979-80, and the Inspector of Taxes has changed the asessment to a receipts basis. He agrees that the statutory basis of assessment under Schedule E is the earnings basis, but say that "in practice the majority of cases are dealt with on the receipts basis."

The earnings basis suits me better, but the Inspector so far has refused to agree. Has not the taxpayer a right to the statutory basis, where Revenue practice could operate to his disadvantage?

Yes; taxmen are bound by the law as much as taxpayers (or nearly as much), fortunately.

If you mark your next letter "For the attention of the District Inspector," on the envelope as well as on the letter itself, you should have no further difficulty in getting your assessments made on the basis laid down by Parliament.

A gift to a child

When making a gift to one's own child within the annual gift exemption for C.T.T., is it necessary to inform the capital taxes office, make a deed of gift etc? In the past I have made gifts of single premium bonds to my infant daughter, the bonds being in my name earmarked with her initials. It was been suggested to me that I should divest myself of any personal interest of the money and that I should divest myself of the possibility of the gift returning to me by, for example, naming a charity as recipient if my daughter should die. Do you agree?

It is sufficient if there is a clear record showing that the bonds are held exclusively for the child (eg a written declaration of trust). We do not think that a gift over on the death of the child is necessary.

Premiums paid direct

There has been some trouble on one or two occasions with regard to the payment of premiums by my agent for two life assurance policies I hold. (a) Could either of the insurance companies concerned object if I now say that I would henceforward pay my premiums by banker's order direct to them? (b) Could my agent object on the ground that he was being deprived of commission he had earned by originally negotiating my policies and also, possibly, that I was, by implication, defaming him?

(a) There is nothing to prevent your paying the premiums direct to the companies.
(b) The agent would not be entitled to object, as he may still seek his commission. So long as you do not ascribe your change to anything other than "eorrors" on the occasions you mention there is nothing defamatory in the course you propose.

UK dividends in the U.S.

My wife and I are resident in the U.S. We are trustees for the estate of my wife's late mother, who died in the UK. The beneficiaries of the estate are our children, both of whom reside with us. It is a discretionary trust.
The Inland Revenue is seeking to tax the estate under Sec. 16 Finance Act 1973 (and cite Inland Revenue v Regent Trust Company Ltd.) in respect of UK income. The obvious solution for the future is to ensure that no income arises in the UK. However, for the past years, will you please advise whether the above case is relevant to our situation, and whether the 15 per cent is payable?

In principle, the trust is indeed liable for 15 per cent UK tax on its UK dividends; the UK tax rate on other types of UK income, e.g., interest, would be 45 per cent.

However, if the UK dividends, etc., are subject to U.S. tax (either in the trustees' hands or in the hands of the beneficiaries), relief from UK tax should be obtainable by virtue of article 4 (1) (b) (i) of the U.S.-UK double taxation convention of December 31, 1975, as amended up to 1979. In the case of interest, relief from UK tax could be total, by virtue of article 11(2) of the convention. For dividends, however, the relief would take the form of a payment of tax credit equal (for 1979-80 onwards) to three-fourteenths of the dividends, by virtue of article 10(2) (a) (ii) of the convention; U.S. tax would then be chargeable on ten-sevenths of the dividends, subject to credit for the residual 15 per cent UK tax bill (15 per cent of 10/7ths of the dividends). As you say, even if relief is due under the convention, the simplest solution may well be to switch investments out of the UK tax net.

Eric Short looks at the cost of changing jobs

Pensions and the 40-year hitch

PUTTING MONEY in a company pension scheme is the best investment that an employee can make, bringing full tax relief on the contributions plus all the benefits of a tax free fund and generous tax treatment of the benefits.

But this statement is true only if the employee stays with his employer for 40 years. If he changes jobs, then his ultimate pension invariably will be cut back and the overall returns will look a lot less enticing.

The problem of transferring pension rights when a worker changes jobs has been occupying the attention of the Occupational Pensions Board—the Government's think-tank on pensions—for the past three years, and this week it published its findings.*

Many people are now vaguely aware that there is a pension loss on changing jobs, but very few realise just how great the cost can be. One important feature of this week's report is that it highlights the problem and it illustrates the scale of the penalty.

The graph, taken from the report, tells its own story for someone changing jobs three times during his working life, a typical pattern.

The report makes it clear that early leavers are subsidising those who stay on, and it makes a very firm recommendation that this discrimination against employees who leave should stop.

To most employees this seems only fair. But the proposal does represent a significant shift in certain pension shibboleths. It has long been held by some that pensions are a reward for loyal service and it is also held that since an employer shoulders the major financial burden of the pension scheme, he should decide how much to pay and how to spend the benefits.

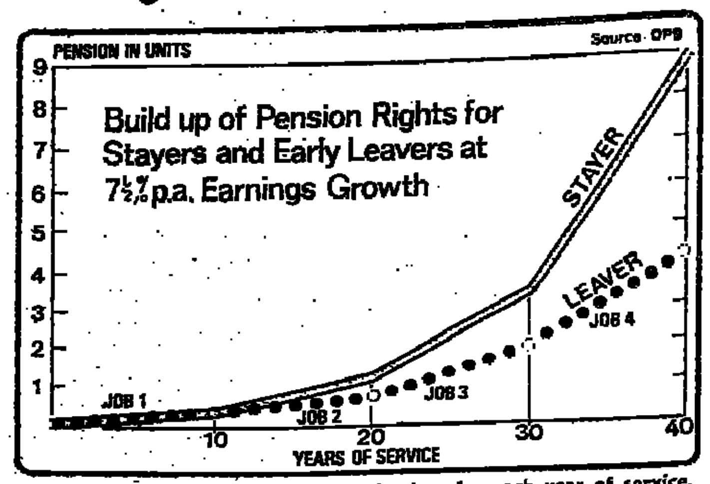
The two views were repeatedly stated to the Board when it was collecting evidence for its report.

Having stated this principle, the Board then discussed various means of putting this principle into practice for final salary pension schemes—and almost all schemes are of this type. It eventually decided that the best way would be to revalue preserved pensions each year in line with national average earnings.

At present, an employee changing jobs after at least five years service, has a preserved pension based on his years of service, and his salary at the time of leaving. Part of that pension represents the equivalent earnings-related State pension—known as the Guaranteed Minimum Pension (GMP)—and is revalued in line with earnings. But the remainder is not. Indeed most employers now offset the GMP increase against the non-GMP part of the preserved pension, a process known as franking.

The board is simply recommending that the non-GMP portion should be revalued in the same way as the GMP part—an obvious solution to the problem. So far one wonders why it spent three years reaching this conclusion. The answer is that the board split on how to enforce this recommendation.

A minority, including the trade union members, wanted to make this recommendation mandatory on employers ignoring the cost aspects. But the majority, including those members closely involved with the pensions industry, were much more concerned with the cost to employers of enforcing this recommendation by law. They felt that the burden could be too great, and employers would either cut back on the whole benefit structure, so all would get less, or wind-up the pension scheme altogether.



Pensions calculated at 1/80ths of final salary for each year of service. Stayer remains in the same job for 40 years. Leaver changes jobs every 10 years, taking a deferred pension which is not increased. - Starting pay, One unit per year.

So the majority recommendation was that revaluation of the preserved pension should be enforcable in law up to an annual ceiling of 5 per cent leaving employers to decide themselves whether to pay more. This would add between 1 and 2 per cent of payroll to the pensions bill.

Given that inflation is still well into double figures, this legal protection is derisory, a fact which the board itself admits. If its recommendations had applied to the 1970s, a pension would have been increased by 63 per cent during a period when earnings rose fourfold.

But that is not all. The board also recommends that revaluation should apply only to that part of the pension entitlement which is acquired after its proposals became operative. There would be no element of past adjustments. The board was more concerned with maintaining the current company pension fabric than ensuring practical justice to current leavers.

The proposals would not apply to pensions once they became payable. But the board has admitted that there would be strong moral pressure to revalue pensions being paid in line with preserved pensions. The effect of this on costs also ensured that its proposals were modest.

The Government is being remarkably coy on its reaction to the report. It should tear up the report and instigate a complete review of the whole structure of the company pensions scheme and its inadequacies in providing a decent pension for everyone under inflationary conditions.

* *Improved Protection for Occupational Pension Rights and Expectations of Early Leavers Cmnd 8271 SO, £6.30.*

Up school . . . and that means fees

INDEPENDENT SCHOOLS: AVERAGE ANNUAL FEES

Jan.	HMC Major Boarding £	% Increase	HMC Smaller Boarding £	% Increase	HMC Day £	% Increase	GSA Boarding £	% Increase	GSA Day £	% Increase	IAPS Boarding £	% Increase
1977	1,785.75	—	1,640.04	—	849	—	1,497.23	—	740.84	—	1,264.61	—
1978	2,028.84	13.6	1,846.65	12.6	937	10.4	1,698.91	13.5	796.94	7.6	1,421.33	12.4
1979	2,289.75	12.9	2,074.89	12.4	1,038.21	10.8	1,863.93	9.7	852.70	7.0	1,559.49	9.7
1980	2,744.25	19.8	2,464.05	18.8	1,200.36	15.6	2,140.69	14.8	1,034.48	21.3	1,851.67	18.7
1981	3,423.96	24.8	3,101.70	25.9	1,423.44	18.6	2,681.40	25.3	1,219.50	17.9	2,184.79	22.6

HMC: Headmasters' Conference.
GSA: Girls' Schools Association.
IAPS: Incorporated Association of Preparatory Schools.
Source: Independent Schools Information Service.

PARENTS HOPING to have their children educated privately had two shocks this week. The first was the Labour Party's announcement that it really means to abolish private education once it is returned to power.

The second came from the annual survey by the Independent Schools Information Service (Isis) which shows that numbers in the schools for over-13s have gone down and the fees have gone up.

Parents should be used to rising fees. But the table shows that in the year to January 1981, they went up by as much as 25 per cent — 10 points more than the rise in the Retail Price Index.

There were special factors affecting this latest rise, particularly the error by the Clegg Committee in making its award for increases in teachers' salaries.

Education is still a labour-intensive industry and private schools particularly so, with smaller classes and boarding facilities. Although the next increase is expected to be about 10 per cent, parents should expect that fees will usually run ahead of inflation over the long term, especially if numbers decline.

The leading school fee planners now leave their clients to decide on the probable rate of inflation. Modern mini-computer techniques mean the planners can produce quotations quickly and easily on any given inflation assumption. Most clients seem to settle for a 10 per cent rate — if the figure were 20 per cent the increase would be astronomical.

The planners warn, at outset, that inflation can upset the best laid plans and that any provision may ultimately fall short of meeting the fees in full and that they will need to be topped-up.

They also emphasise the need to reassess the plans regularly, usually every two years, and make adjustments taking into account the parents' new circumstances — salary changes since the last review, fresh commitments.

If the parent starts planning early enough, he can save through life assurance schemes and collect the tax credit. But with each review the period is reduced and tax relief may not be available. Other contracts may have to be used that do not attract the credit. School Fees Insurance Agency uses building society-linked plans or the 5-10 scheme from Scottish Provident. C. Howard and Partners uses unit-linked schemes and is investigating non-insurance products. The index-linked SAYE scheme is ideal for meeting school fees due five or more years hence.

Parents with children already at school will be relieved that the next round of increases is likely to be much milder. Even so, when the child is at school, such fee increases well above the plan can only be topped-up out of income or by using capital. It means further sacrifices, especially if the breadwinner is made redundant.

But here the schools may be ready to help. They cannot hand out largesse like a social security system for their resources are limited, which is why the parent usually has to show that everything possible has been done to meet the fees, including moving to a smaller house or taking a second mortgage on the existing one.

Eric Short

How to soften the crunch

INSURANCE

ERIC SHORT

ALL MOTORISTS regard themselves as safe, careful drivers. Yet according to the British Insurance Association, each year one in six motorists holding comprehensive insurance will, on average, be involved in an accident.

If you are unfortunate enough to be one of those involved, you may not know what to do at the time of the accident or how to avoid the subsequent wrangles over insurance claims. This week the British Insurance Association issued a leaflet, available through its member companies, for the guidance of motorists so involved with the descriptive title "When it comes to the crunch — do you know what to do next?"

First of all, the motorist needs to understand the legal position if he is involved in an accident and how to comply with the law. The relevant piece of legislation is the Road Traffic Act 1972, sections 25 and 166.

Section 25, the major section, effectively states that if there is injury to any person, other than the driver of the vehicle involved, or to an animal, or there is damage to another vehicle or to property, then the driver of the vehicle must give his name and address, and the name and address of the owner of the vehicle, and the registration number to anyone who has reasonable grounds for wanting that information. Failing that, the driver should report to the police as soon as possible and in any event within 24 hours of the occurrence of that event.

The Act does not define who has reasonable grounds to ask for your name and address if so involved but it does define very carefully what is regarded as an animal and what constitutes property.

There is a complete list of what is an animal—horse, cattle, ass, mule, sheep, pig, goat and dog. It is interesting to note that cats, which always seem to run in front of one's car, are not listed as animals, while asses and mules, which are rarely seen, are so listed. There are no birds in the list, neither are deer classed as animals even though one sees plenty of warning signs of the dangers of deer on the road.

The definition of property is wide-ranging, being that constructed on, affixed to, growing in or otherwise forming part of the land on which the road in question is situated or on land adjacent.

So if you hit a tree, you should, in law, report the accident. One feels that this part of the law is more honoured in the breach if no one else is involved.

The next step is the need to get all the necessary information to help pursue the insurance claim. Here the BIA leaflet provides general details only and will not cover every conceivable type of accident and there are some bizarre ones. The motorist should obtain the names and addresses of other drivers involved, registration numbers and make of vehicles, names of insurers and policy numbers. Names and addresses of independent witnesses should also be obtained and a rough diagram of the accident made.

The BIA leaflet includes a space where this information is listed and can be recorded. Most insurance companies now enclose claims forms when a motorist takes out a policy, which include space for diagrams.

Most motorists are aware of the need for this information. But do their passengers? The motorist may be injured and unable to get this information. It may fall to the passenger to take over.

But what the motorist is strongly advised not to do is to make any statements at the time of the accident, admit nothing or accuse anyone and above all not to make any offer of payment. Insurance companies prefer this to be sorted out after.

Here it needs to be emphasised that before all this exchange of information is made, all concerned in the accident need to check for injuries incurred. One should phone for the ambulance as well as the police for even the slightest injury and shock is considered an injury.

After the accident, the motorist should report the accident to his insurer and his insurance broker immediately, irrespective of whether he intends to claim. Failure is a breach of the policy conditions.

The leaflet then explains the procedure of getting the car repaired and the approval needed before such repairs can be undertaken. This can be a complex process and insurance companies are quite flexible in this, especially if the accident occurs during holidays and repairs need to be done quickly.

If the motorist is comprehensively insured, it will usually be quicker and less troublesome to claim from his own insurer. Many insurers operate what is called a "knock-for-knock" agreement between themselves. If each insurer involved is a party to the agreement, it will pay for its policyholder's claim irrespective of who is to blame.

The operation of this agreement speeds up the time taken to authorise repairs and reduces administration costs. Yet it leads to confusion and perhaps bitterness with motorists especially if it affects their No Claim Discount. Motorists tend to feel that their insurer is somehow blaming them for the accident.

The motorist has the right to try and claim from the other motorist's insurer or pursue his claim against the other driver. This is a long procedure to be discussed in another article.

Finally, it needs to be emphasised that the No Claims Bonus is what it says and not a No Fault bonus. But insurance companies are now much more liberal in their operation of this feature. If the insurer considers that its policyholder could have recovered in full from the other motorist, then it may not cut back on the NCD.

Leaflets available, which should be kept in the car, are When it comes to the Crunch—do you know what to do next? from the British Insurance Association and available from all member companies.

Motor Accident—and now what do you do? published by The British Insurance Brokers Association and available from any member broker.

A look at single premium bonds

PRIVATE INVESTORS are in danger of being doubly confused by the current spate of new funds.

Investment objectives, for example, have become more and more specialised with each new group into the market anxious to claim a "first" or at least some "unique" refinement to an old idea.

Much more worrying, however, is the possibility that the distinctions between different types of investment vehicles may be getting blurred.

In the last few weeks, in particular, a number of attractive sounding investment ideas have been launched in the form either of offshore funds or life insurance single premium bonds. There is admittedly nothing new in this, but neither type of scheme is as familiar to most investors as the straightforward unit trust.

All three vehicles provide ways of investing a lump sum but the similarity in many ways ends there.

The point about single premium bonds—no relation, incidentally to Ernie or Government stock—is that they are taxed in a highly complicated fashion. As a rule they do not compare favourably with unit trusts.

A single premium bond is a non-qualifying insurance product—no tax relief can be claimed from the Government—through which the lump sum is paid into a life company fund. Tax paid on the unfranked income earned by the fund is therefore levied at 37½ per cent and furthermore life companies pay capital gains tax on realised gains at a rate of 30 per cent (except for gilts held for more than a year).

Authorised unit trusts, by contrast, are much more lightly taxed these days. The managers are free to move asests around within the fund without paying CGT and they knock off basic rate tax from the income and provide a tax credit for non-taxpayers.

Offshore funds are taxed according to the laws of the particular haven where they are based. In the Channel Islands, for example, capital gains are free so the only slight edge that they have over authorised funds is the ability to pay income gross.

UK investors, of course, have to make their peace with the Inland Revenue. But it is important to remember that offshore funds are not regulated by the Department of Trade and that investors do not have the same high degree of protection which exists in the UK.

Many perfectly respectable companies operate offshore but the official safety net for catching the unscrupulous may not be so secure.

On the face of it, then, unit trusts win any comparison hands down, certainly against single premium bonds.

Single premium bonds, however, do come into their own for high rate taxpayers thanks to the tax deferred withdrawals allowed by the Inland Revenue under these plans (up to 5 per cent cumulative per annum of the original investment). Tax on these is only deferred until the bond is cashed in.

The proceeds of the policy are then free of capital gains tax and income tax at the basic rate but there may be a charge at higher rates and investment income surcharge. To work this out the investor takes his gain (what he gets out minus what he put in), divides it by the number of years the policy has been held and adds this slice to other taxable income. The tax rate applicable to this "slice" (minus the basic rate) is then applied to the whole gain.

The scope for someone paying say 60 per cent tax in their 50s expecting to retire on a much more modest income is obvious—the tax can be deferred until his top marginal tax rate is much lower. The penalties for cashing in at a time when your top marginal tax rate is high however can be very costly.

It does not take a cynic, however, to see the advantages of single premium bonds to those who sponsor them. As life company products they can be sold by door to door salesmen, a privilege under our legislation not granted to those marketing unit trusts. This, of course, is one reason why most unit trust groups have a life insurance link and why a large amount of new money which flows into unit trusts is linked to some sort of life insurance policy.

In addition, commission paid to insurance brokers selling single-premium bonds is greater than that paid by the unit trust groups.

The maximum which can be paid by members of the Life Offices Association is 3 per cent but non-LOA members generally pay 4-4½ per cent and sometimes as much as 6 per cent. Members of the Unit Trust Association, meanwhile, are restricted to paying their intermediaries a maximum of 3 per cent plus VAT.

Investors should always make sure they know what they are getting and where possible ask an investment adviser to take them through the tax implications. You have to look carefully at Providence Capitol's new Special Market Fund, for example, to see that it is linked to a single premium bond.

Mr Arthur Pierce, Providence Capitol's chief executive, points out that unit trusts are not allowed to invest more than 5 per cent of their funds in any one investment and that, furthermore, single premium bonds have the flexibility to go directly into property. Mr Pierce admits that for some people a unit trust is more tax effective but argues that in this case "the investment considerations outweigh the tax disadvantages."

The Special Market Fund, incidentally, makes grand claims. Modestly proclaiming "a fresh new concept, perhaps the most original idea for over a decade," it promises to move its money around the world—lock, stock and barrel, if necessary—wherever the opportunities arise.

All this is to be applauded and no doubt Baring Brothers, which is managing the fund, will do its best with a very difficult job. The fact is, however, that the idea is not new. Perpetual Unit Trust Management, for example, a small investment management group based at Henley-on-Thames, has been doing just this—and very successfully—for about seven years.

Tim Dickson

YOUR SAVINGS AND INVESTMENTS—2

Fascinating, Mr. Backhouse . . .

A NEW force on the investment management scene emerged this week with the proposed takeover by Dunbar Group of Tower Fund Managers, a company owned and run since its formation in 1978 by Mr. Brian Banks and his old Slater Walker investment team.

The new combination brings together two businesses with private portfolio funds under management totalling almost £70m and two individuals—Mr. Banks at Tower and Mr. David Backhouse, managaing director of Dunbar—determined to grab a bigger slice of what they consider an expanding market.

The financial details of the package are fairly straightforward. Dunbar, a fast growing banking and financial services company which since last December has been quoted on the Unlisted Securities Market (USM), will issue 300,000 new shares to Tower's shareholders. Based on last night's USM closing price of —— this puts a price tag on Tower of around £1.35m and gives Mr Banks (who owns 18 per cent of Tower) a tidy £243,000 stake in his new parent.

Mr Banks and fellow director Mr Roger Porter will join the Dunbar board and three Dunbar men will become directors of Tower, which will be renamed Dunbar Tower Fund Managers.

It is this subsidiary which from now on will manage the joint private client funds—about £31m in the case of Dunbar and the same again at Tower (plus two authorised unit trusts in excess of £5m). Mr Banks, meanwhile, and all but two of his team will move from the City into Dunbar's plush Pall Mall offices.

Those involved enthuse about the logic of the match. Mr Backhouse, feels that DTFM could be a major force in the private fund management business and that with the new economies of scale it now has "exciting growth prospects."

"There are a lot of people with around £25,000 to £50,000 who we feel do not get a good service from a stockbroker and who are too small to interest a merchant bank," he says.

"We are particularly proud of our computer facilities while clients in the enlarged group will have access to our other services."

Mr Backhouse arrived at Dunbar in 1973 after a career in banking at Schroder Wagg, where his father was a director, and later at Wallace Brothers and Co. now part of Standard Chartered Bank. Dunbar was set up as a bank in 1969 by individuals including the actor Sean Connery, who through a nominee company still owns 7.9 per cent of the equity.

The company, however, did not seriously get going until Mr Backhouse came onto the scene. The banking services grew but at the same time it was decided to develop the business so that there was a roughly even spread between banking and activities such as investment management. About 45 per cent of the group's profits came through fee earnings before the Tower deal.

Some of Dunbar's private clients are a glamorous lot. Several, including a few tennis players on show at Wimbledon at the moment (Borg, Virginia Wade and Sue Barker for example), were introduced by another Dunbar shareholder—the sports manager/entrepreneur Mr Mark McCormack.

The Dunbar record is certainly impressive — 12 years of steadily increasing profits without even the hint of a hiccup during the 1973-74 secondary banking crisis. Last year's pre-tax profits totalled £562,000.

The acquisition of Tower means that investment management will now be the enlarged group's biggest activity. Altogether the combined operation has about 500 investment clients but the aim is undoubtedly to expand this rapidly. "The conventional wisdom in some quarters still is that you cannot make money out of private clients," comments Mr Banks. "There is a lot of private money around, however, and with good administrative systems there is no doubt that you can make it very profitable."

Fees for existing clients of Tower and Dunbar will not be changed but new clients will be charged an annual 1 per cent of their portfolios tapering off after £250,000. They will get "best terms" for buying and selling shares in their portfolios.

Although new unit trusts may be added to Tower Income and Growth and Tower Special Situations, Mr Banks feels that it is harder to make money out of unit trusts.

On the question of security of clients' funds, Mr Backhouse admits that the recent collapse of investment managers Norton Warburg may have alarmed potential investors. "Most of our equity investments, however, will be in nominee names, though clients will have the option to register stock in their own names. Liquid funds will be held by our licensed deposit-taking arm. This is scrutinised regularly and very carefully by the Bank of England. If as a principal we take a stake in an unquoted company the Bank will pick this up and is going to ask us some very searching questions."

Tim Dickson

Mr David Backhouse

. . . Interesting, Mr. Bingley

MORTGAGES

TIM DICKSON

BARCLAYS BANK stepped up its attack on the home loans market this week—but if the attitude of the Bradford and Bingley is anything to go by, building societies are not going to sit back and let the high street banks steamroller into their territory.

The main feature of Barclays' announcement is a new savings plan, whereby first time buyers who save regularly will be guaranteed a home loan at the end of two years. Under the scheme, which is only available to those with a Barclays current account, the minimum *monthly saving is £100.* Interest is paid at the rate applied to the bank's Bonus Savings account—currently 11 per cent gross—but the big come-on is a guaranteed mortgage amounting to roughly four times the value of the money saved at the end of two years. Thus £100 a month (£2,400 over two years) secures a £10,000 mortgage and £250 a month (£6,000 over two years) ensures £25,000.

Although the Co-operative Bank is already marketing a similar plan, building societies as a rule only have informal arrangements for putting regular savers at the head of the home loans queue. Barclays is thus hoping to prise away deposits from the societies by dangling the reward of a guaranteed mortgage for those who stay the course.

However a counter-attack is being mounted from Yorkshire. For several months now the Bradford and Bingley Building Society has been offering its Homebuilder Account, which also provides a guaranteed mortgage to savers prepared to forego part of their interest.

In a clear effort to revive the flagging demand for this service, the Bradford and Bingley is currently getting ready to improve its terms, with effect from July 1. The society's market research has shown that several features of the scheme have discouraged savers from taking part. The modified version will operate as follows.

- No initial deposit will be needed to participate. Previously savers had to put £500 "up front" but the society discovered that many of its savers were just not prepared to part with this sort of money. Those who do wish to make an initial deposit will be limited to £1,500.
- The minimum monthly savings will in future be £60 (currently £80) while the maximum will remain at £250. A mortgage of four times the sums saved will continue to be guaranteed.
- The guarantee, however, will be available at any time, rather than after two years as at the moment. The practical benefits of this may, of course, be limited but an initial £1,000 plus a regular £250 for one year would still secure £16,000.

The sacrifice which Homebuilder account holders have to make, however, is a reduced income from their savings. Interest is paid at only two-thirds of the ordinary share rate (currently equivalent to 6 per cent net or 8.57 per cent gross).

Bradford and Bingley claims that its research suggested this *was not a factor which has been* putting people off.

Although the Co-operative Bank and Barclays are excited about their new savings related mortgage schemes, Bradford and Bingley's experience suggests that a mortgage famine may be needed before prospective house buyers show much interest. With societies still just about managing to meet demand for their funds—and putting up a remarkably good fight against National Savings—this may not happen for some time yet.

PROPERTY

Letting in luxury

BY JUNE FIELD

WHAT DO you get for £1,000 a week in a brand new three bedroom luxury furnished apartment with roof terraces in Central London?

Splendid marble and hand-made solid brass fittings in the two bathrooms, walk-in wardrobes to take the largest of cabin trunks; a vast living-room with quality furniture and elegant *objets d'art*, delicate Wedgwood china for dinner parties, plus built-in stereo in every room and a grand piano that used to belong to Russ Conway. Basic amenities such as colour television, heating, hot water and porterage are also included. Maid service, laundry and telex are extra.

The luxury penthouse at 55 Park Lane in the shade of the Dorchester Hotel opposite Hyde Park, went on the market this week to mark the launch of Mayfair's first purpose-built furnished flats in 40 years. The well-established 150 furnished apartment complex was originally built around 1934-38, by the Western Heritable Company of Glasgow and is still run by the same family firm with Sir Ian Mactaggart as managing director. The newly-built section used to house the RAF Reserve Club and the whole operation, together with the refurbishment of existing flats, has cost around £7½m.

The rent of the other new units (there are four at £700 a week, one at £600), are considered to compare favourably with the price of suites in luxury hotels. For instance the Oliver Messel suite at the Dorchester currently costs £343 a day including service and VAT, the Roof Garden suite is £245.

Although Mr John P. Walker, Western Heritable's property manager, says that their accommodation is not intended to compete with hotels, "Our units are for top senior executives of British and overseas companies who need to live centrally for a limited period, and combine a home-like atmosphere with the amenities suitable for entertaining friends or business contacts."

Existing older apartments start from about £100 to £500 weekly, depending on their situation in the building, and whether they have been up-dated; and if you want to bring your favourite coffee table or desk, or even your own bed, the management, within reason, will oblige by putting their own pieces in store.

Hampton and Sons, 6 Arlington Street, London, SW1, handle the administration of the apartments, and contracts are from a minimum of 22 days to a maximum of eight months, although serviced apartments can be had from £40 a day plus VAT. Miss Hilary Potter, who heads Hampton's recently re-structured furnished letting department which covers other areas of London, suggests that these might be suitable for short-stay Royal Wedding visitors.

But Miss Jacqueline Ironside, who runs Ironsides Residential Rental Properties from 51 Beauchamp Place, London, SW3, warns that a "Royal Wedding Boom" could lead to over-inflated prices: "Thus effectively killing a tourist industry already far from healthy because of London's normal high prices, and with it the short-term market. This in turn might affect the long-term letting market. Companies already find London expensive, and could easily switch executives to other European capitals."

She feels that it is time the political parties did something positive and repealed the Rent Act. "Until they do, we will continue to have a situation where over 50 per cent of available private property is off the market. And in London, a major city relying heavily on the private sector to provide accommodation, this lack of rental property inevitably pushes up the prices for locals and visitors alike."

She has lived with these problems for five years and at the same time built her business and reputation through the personal service she demands from landlord and tenant, preventing landlords seeing tenants they are unlikely to want, and tenants viewing totally unsuitable properties. In addition, a legal agreement is written specifically for each particular landlord and tenant.

"Since the majority of long-term lets are company lets, the problems associated with sitting tenants are removed. This encourages private owners to put their property on the market; and once they find that rentals can be made safely, they are often happy to leave their houses available," says Jacqueline Ironside. "The swingeing rate increases of course, are likely to add properties to the market, as people try to recoup the cost of maintaining central London accommodation."

Also just launched is an extra wing to Collingham Apartments, two Victorian houses convenient for Earl's Court and the Victoria and Albert Museum. The tree-lined squares of Kensington, however attractive, do not always command top Mayfair or Knightsbridge prices, however, and the furnished rents here are in the £119 to £175 a week bracket for a one-bedroom serviced apartment.

Two units in the just refurbished second house are also being sold for part of the year on a time-sharing basis from £1,400 to £3,800 a week one-off payment for 35 years, plus service charge, depending on size and season. Details including a copy of the deed of time-sharing agreement, plus a "stay, rent and try" scheme to see if you like the idea, from Melpond, Park Mansions Arcade, London, SW1. They can also organise financial information about the whole operation, including the rental return if you want to rent back to the management the week's occupation that you have bought. You cannot swap with other time-sharing projects, although you can exchange your week within the Collingham Gardens set-up.

Miss Elizabeth de la Rue, who runs the furnished property department at Gross Fine and Krieger Chalfen, in Princes Street, London, W1, finds that there is always a market for well-furnished accommodation equipped to an exceptionally high standard. "But that is the main problem—the supply of properties of this calibre is getting smaller, while the amount of really awful stuff is on the increase."

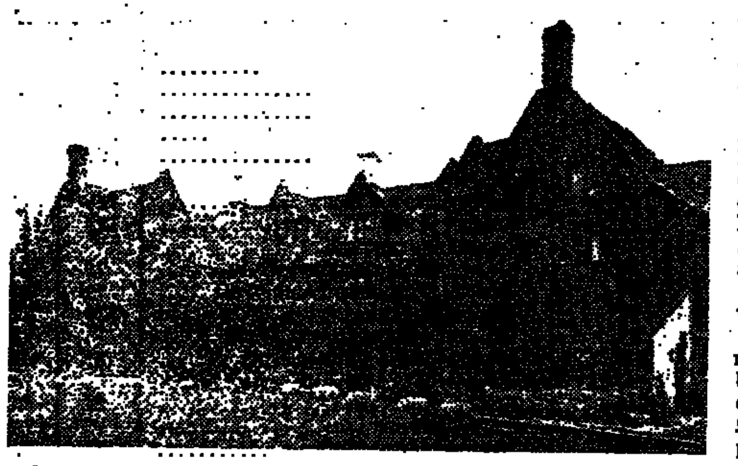
Chestertons, whose six residential offices claim to let around 1,000 properties a year, find that the rental market in their areas — Kensington, Mayfair, Hyde Park, Little Venice, Notting Hill Gate and Chelsea — is over-subscribed with flats. "We are desperately short of family houses for executives of European and American companies and banks," says Mrs Christine Cliff, property manager of Chestertons' Cale Street, Chelsea office, which opened just over a year ago.

Any tenancy agreements should always be carefully vetted by a legal adviser, and management and commission fees agreed from the beginning, says Mr Michael Hedges, Mann and Company, 7/9 Baker Street, Weybridge, Surrey. He will send a booklet, Residential Management—a guide, which sets out the charges for finding a tenant, dealing with essential repairs, preparing and checking an inventory, etc.

Graham Collins, partner in A. C. Frost and Company, 3 High Street, Windsor, finds that properties in Beaconsfield and Maidenhead have been letting for about 8 per cent of the freehold market value. "This ratio is usually about 10 per cent, but the high inflation of selling prices during the last year or two has reduced the return temporarily." Frost's produce a leaflet Let Your Home Support Itself. Samuel Rains and Son, P.O. Box 10, The Crescent, Cheadle, specialise in letting houses for owners while they are working abroad, and manager Mr Rick Dallimore will send a brochure, Letting Your Home.

Roof-top apartment in Western Heritable Company's newly-built section of their furnished flat complex, 55 Park Lane, London W1, next door to the Dorchester Hotel. The rent of £1,000 a week includes elegant furnishings and objects d'art, plus a grand piano which used to belong to Russ Conway. Details Hilary Potter, Hampton & Sons, 6 Arlington Street, St. James's, London SW1. (01-493 8222).

Georgian-style house with 4 bedrooms, 2 bathrooms and double garage, is typical of what rents at about £225 a week in the North London surburbs. Details of what is currently on offer from Christopher Ayres, Cosway Estate Office, 135-137, The Broadway, Mill Hill Circus, London NW7, who will also give personal callers at the office who are potential clients a free copy of All You Need to Know About Letting Your Home; otherwise it is £2.50 including postage and packing.



Oliver Cromwell is said to have used the 16th century Manor House in the attractive conservation village of Preston, about three miles from Rutland Water, Leicestershire. The extensively restored accommodation includes 6 bedrooms, 2 bathrooms, billiard room and a self-contained office suite. Offers in the region of £115,000 for the freehold are being invited by Mr. P. W. Burrows, Strutt and Parker, Spitalgate House, London Road, Grantham NG31 6NQ.

COMPANY NOTICES

COURSES

CLUBS

PERSONAL

PUBLIC NOTICES

INVESTMENTS FOR SALE

LEISURE

Striding over Lakeland

TRAVEL

SYLVIE NICKELS

Ramblers by Tarn Hows Cumbria

IN CASE you have ever wondered who is the world's greatest liar, I can tell you it is (currently) a sheep farmer called Joss Naylor who lives in Wasdale in the Lake District. The tall story that earned him this title is too long to repeat here, but the competition itself goes back to the 19th century. Joss Naylor, incidentally, has held other records, one of them being the ascent of the incredible number of peaks (72, I think) in 24 hours.

I learned these particular gems of information from Ted, our driver and guide on a Mountain Goat minibus excursion.

Ted, in short, was a gem himself and almost made up for the fact that we had execrable weather that day—"we" being a miscellany of five Britons, two Australians, one American and a Parisian. It was especially tough on our foreign visitors for we were touring in England's probably most concentrated scenic splendour, as I knew from earlier visits walking among or simply gaping at the magnificence of those valleys and their hub of high mountains. Mountain Goat operate a series of excursions into their remotest corners with enormous success, and now incorporate these in a variety of package arrangements.

It was the end of April. The next day the clouds lifted, the sun poured down upon some of the descendants of Wordsworth's dancing daffodils in copses that were on the verge of coming into leaf beneath the Helvellyn range. We went for a stroll, following one of the shorter trails recommended by the Cumbria Tourist Board in its English Lakeland brochure outlining 14 walks (70p with postage). Undoubtedly the walker will always, thank goodness, get the best out of the Lake District; nor is it necessary to be exceptionally hearty or hardy to qualify for many of its rewards. The Tourist Board's companion brochure Where Shall We Go in Cumbria (60p with postage) gives facts on excursions, stately homes, main events and special interests. A whole host of smaller leaflets cover many individual aspects of the region from hound trailing to handicrafts.

We stayed in two completely different types of establishment, each excellent in its way. The Sharrow Bay Hotel sits beside Ullswater overlooking one of Britain's finest views.

In addition to the fact that its food is out of this world, the Sharrow Bay is a quite astonishing place: a kind of cross between a luxuriantly cosy and welcoming home and an antique shop whose vast collection of knick-knacks and what-nots—not to mention flowers and plants—embellish every corner, including the bathrooms. Half-board rates are £34-£46, featuring a truly unforgettable seven-course dinner (£17.50).

At the other end of the Lake District and catering for more down-to-earth needs but with great imagination is The Falls, a converted Lakeland farm offering self-catering with a difference. The difference consists of an optional "Home Away Service" at £55 per week for adults, covering every imaginable item from three-course meals and fresh-ground coffee to local specialities such as brandy butter and Cumberland sausage, and daily fresh home-baked bread. The service provides complete flexibility to eat at whatever time one chooses in one's own well-equipped self-contained cottage or flat, furnished in attractive rustic style.

The Falls is idyllically situated among high pastureland, if you like the quiet life. Pretty Ulverston is 1½ miles away.

From a nearby hilltop, you look down on the extraordinary coastline contorted by the estuaries through which rivers like the Kent, Leven and Duddon drain down from the mountains into Morecambe Bay.

The contrast between the Lakes' popular resorts and the wild, at times primeval, landscapes surrounding them is total. For a much fuller understanding you should go to the National Park Information Centre at Brockhole, near Ambleside. Here in almost "instant" form is the story of the Lake District from prehistory to the present day, in all its aspects. The grounds are lovely and the Centre is worth a day of anyone's time.

The park authorities, apart from protecting the area for us (and in spite of many of us) provide other tangible aids. These include guided walks with local experts, which take place at fixed times whatever the weather, each with a different theme and costing 60p. Among the guides this summer is a very good mountaineering friend of ours and we joined him on a Tuesday walk out of Keswick devoted to "map-and-compass made easy."

FURTHER INFORMATION: Cumbria Tourist Board, Ellerthwaite, Windermere, LA23 2AQ; Lake District National Park Centre, Brockhole, Windermere; Mountain Goat Holidays, Victoria St., Windermere; Sharrow Bay Country House Hotel, Lake Ullswater, Penrith, Cumbria, CA10 2LZ; The Falls, Mansriggs, Ulverston, Cumbria, LA12 7PX.

Best medium estate

MOTORING

STUART MARSHALL

The Peugeot 305GLD estate. Rides like a saloon and will better 50 miles per gallon if driven gently.

AUTOBAHNS, like the proverbial road to hell, are paved with good intentions. Or at least, they are for me.

I usually start a trip across Germany telling myself that there is no need to sustain a speed close to the car's maximum because the difference in overall journey time is not all that significant and then there is the wear and tear on man as well as machine to consider. But, inexorably, the sensible speed one has vowed to keep gradually creeps up.

So it was that within an hour of crossing the border at Aachen, the Peugeot 305GLD estate I had meant to cruise at an energy-saving 65-70 mph was storming along at a steady 85 mph and running up to 90 mph on slight downgrades.

It was the same on the way back, this time on the French autoroute, where the official limit is 81 mph but where 85 mph or so is tolerated. In between, there had been a relaxed journey from Innsbruck to Bolzano over the magnificent Brenner autobahn; jousting with the traffic in Milan and climbing several Alpine passes. These included the 7,000 ft high St Bernard, where the scenery is among Europe's best and 15 ft banks of dazzling snow loom over the crumbling road in mid-summer.

Having arrived in France with an almost empty tank, I filled up with gasoil at £1.10p a gallon —a 50p a gallon saving on UK Derv prices—at the first station I saw in Calais. Two weeks later I brimmed the tank again at the same pump. I had used 245 litres (53.9 gallons) for 2,127 miles, or 39.46 mpg. It was the worst average I have had out of the Peugeot. And it demonstrates that diesels are at their best when not being flogged because in the preceding 5,000 miles I had regularly achieved 48 mpg. On a leisurely though very heavily loaded trip to Picardy, the Peugeot returned 52 mpg. That represented a fuel cost of £2 per 100 miles, which helps to explain the diesel car explosion in France.

The 305GLD has lived up to my expectations. When I chose it for long-term assessment of diesel car economics in Britain at the beginning of the year, I said I thought it was the best medium-sized estate on the market. I still do. It is shorter than a Cortina by 7 inches though its wheelbase is 2 inches longer and it has all-independent suspension. Even by saloon car standards, the ride is good and for an estate, it is outstanding. It is as comfortable with only a driver on board as it is carrying its maximum 9.25 cwt payload and its handling and roadholding are impeccable.

Just how well it handles I discovered in torrential rain at Brands Hatch earlier in the year. I drove it (and the more spirited petrol engined SR estate) far harder than one could possibly use it on public roads and was charmed by its balance and sheer good manners. So was one of the Brands Hatch racing school instructors, with whom I rode as passenger while he lapped the circuit considerably faster still.

Its load space is a generous 3 ft 6 ins by 4 ft 2 ins, uncluttered by covers over spring and shock absorber units because the entire rear suspension has been turned through 90 degrees and is under the floor. The front seats, which I thought were too short in the cushion, have proved to be extremely comfortable on long journeys though I still think cloth trim would be nicer than plastic. Rear passengers fare almost as well as those up front; there is ample knee and leg-room in the back and room for a third person without too much squashing. The backrest unfolds in two sections; you could carry, say, a load of 5 ft fence posts while still having rear seating for one.

The parcel tray on the passenger side is of a good size (though it has an aggressively sharp lower edge) and there is nowhere on the driver's side to stow a pair of sunglasses. In drizzle, I would like an intermittent screen-wipe; and in a downpour, it should be possible to leave the rear window wiper on without keeping your finger on the button.

The pre-heater plugs take about 45 seconds to warm up but the diesel is then an instant, invariable starter from cold. It is a purpose-designed unit, not a "dieselised" petrol engine like those used in the VW Golf and Passat, or the Renault 18 and 20. There are smoother, quieter small diesels than the Peugeot's, which can be gruff and growly at certain speeds and develops an unfortunate exhaust boom around the 70 mph mark. One is never unaware that the 305GLD is a diesel, though one can forgive a lot of so roomy and comfortable an estate that, with a light foot on the accelerator, will return 50 mpg-plus.

Other than a tailgate lock that stuck and had to be fixed by re-routing the operating cable, nothing has gone wrong with the car. I will be looking at its running costs vis-a-vis a petrol-engined 305 estate later in the year. Meantime, an alpha mark for progress at half term.

* * *

There is a junction near my home where the A264 turns almost 90 degrees right at a T-junction before forking 45 degrees left to East Grinstead a couple of hundred yards further on. Many maps, to their publishers' shame, show the road going straight on. It's an acid test of accuracy. The RAC's new Navigator series motoring atlas on a 1:1,000,000 scale (1.6 miles to the inch) gets it absolutely right and on this account alone I would recommend it. There is so much detail that the series of four atlases covering most of England (though not yet Wales or Scotland) is the next best thing to a full collection of 1:50,000 Ordnance Survey sheets. There is a route finder on the inside front cover and a mass of well illustrated information on things and places of interest. At £4.95 each I rate them excellent buys.

For the disabled

GARDENING

ARTHUR HELLYER

MUCH THOUGHT has been given in recent years to helping disabled people to garden in comfort and with success. There is, of course, no single solution to this problem since disabilities are of so many different kinds and degrees, often requiring individual solution.

There was, for example, the man who could walk slowly with support and found that a substantially built power-driven lawn mower gave him this and enabled him to cut his lawn provided the machine did not move too quickly. There was a difficulty: all the mowers that were power propelled as well as having their cutting blades power-driven were geared in much the same way to work most efficiently at normal walking pace. When throttled back to move forward more slowly these machines cut badly.

A ride-on mower was one answer but not a satisfactory one since walking was part of the recommended therapy for this man. There was just a possibility that his weight leaning on a machine in which only the blades were power-driven would be sufficient to propel it forward at the speed he found most comfortable. But a more likely solution would be to alter the gearing of a fully power-operated mower to suit his needs. Years ago this would not have presented much difficulty but now it is not easy to find a workshop willing to undertake such a "one off" alteration.

Most of the gardens planned specially for disabled people have concentrated on the problems of those who have to use wheel chairs. One of the most elaborate of these is in the Royal Horticultural Society's garden at Wisley, Surrey. No doubt this has been copied, with suitable modifications to suit smaller areas or more slender purses, by a great many disabled people. However in this garden nearly all the raised beds of a height which allows them to be tended easily by anyone sitting in a wheel chair, are retained by brick walls which are now expensive to build and might be inconveniently permanent in some circumstances. They also suffer the drawback of being vertical walls so that anyone sitting in a chair must tend the plants sideways, not face on.

I was, therefore, particularly interested in the garden made this year at the Chelsea Flower Show by Waterers of Bagshot for the Sunday Times to a design which had won first prize in a competition.

The designer, Andrew Neil, is particularly well aware of the problems of cases confined to wheel chairs since his wife has been a paraplegic since being injured in Algeria during her childhood.

In this garden the raised beds were constructed of wood rather in the manner of wide feeding troughs for animals and they were raised on wooden struts which enabled users to approach them direct, tucking their legs beneath the sloping planks of the troughs. When emptied of soil it would be quite simple to move troughs to suit changing requirements. Nor would there be any difficulty in breaking them up when they were no longer required.

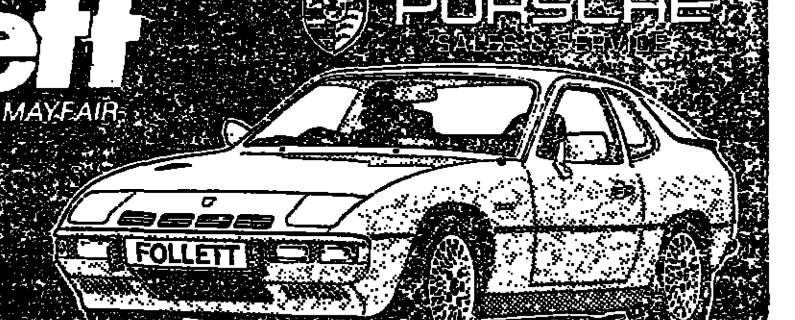
A possible difficulty caused by the sectional shape of the troughs, which was a wide but shallow V, is that the depth of soil at the sides would be insufficient to sustain the growth of any but the smallest plants. My own view is that roots will grow sideways into the deeper soil towards the centre but this is something that needs to be tested by prolonged experiment.

It is, therefore, good news that the whole garden has now been recreated in Waterers fine garden centre at Bagshot where it was declared open last week by Lord Snowdon. Not only will this enable the company to find out precisely how well the troughs operate but also to devise modifications if this seems desirable. It will also enable interested people to study the garden in detail which was not possible at Chelsea because the garden was kept closed most of the time because of the great number of visitors: all viewing had to be done from the outside.

My own view is that when plants are grown in troughs of almost any design which keeps the soil completely out of contact with the natural subsoil it is wise to practise a modified form of hydroponics, using a light, porous peat or peat and perlite compost watered with very dilute liquid feed.

This garden has many other interesting features including a quite large greenhouse specially adapted for use by those confined to wheelchairs. Some visitors may think that the garden is too large and time consuming to be managed by a single disabled person but this, I understand, was a deliberate decision of the judging committee which selected Mr. Neil's design. The idea was that, once a disabled person discovered the possibility of running a garden successfully, he or she was likely to become engrossed in it and would welcome the opportunity of spending a lot of time gardening. This optimism may not always be justified but there is no reason why the garden should not be scaled down or otherwise adapted to suit any requirements.

MOTOR CARS



TRAVEL

HOTELS

BOOKS

Anny and Minny

BY PETER QUENNELL

Anne Thackeray Ritchie
by Winifred Gérin
Oxford University Press,
£12.50, 310 pages

When William Makepeace Thackeray died in his sleep on Christmas Eve 1863, both arms thrown above his head in an attitude he often assumed if he were extremely tired, he left behind him two daughters, Anny and Minny, and Isabella, the beloved "child-wife" of his youth, who had been pronounced incurably insane 23 years earlier. The Misses Thackeray were clever, high-spirited girls and, having grown up under their father's shadow, ardently devoted to him. With Anny, the elder, born in 1837, he had an especially close tie. While he was writing *Esmond*, she had become his amanuensis, and had therefore seen, as she copied out the text, his reference to a passion that had once, he wrote, "formed part of his whole being" and still was "always present" to his mind.

How much children know of their elders' real lives—and Victorian children were more carefully blinkered than most—is a question we can seldom answer. But Anny must certainly have guessed that her father was there describing his unhappy love for Jane Brookfield, the beautiful, languid, neurotic married woman who, until her neglectful husband, one of Thackeray's oldest friends, suddenly commanded her to break off their relationship, had so long fascinated yet frustrated him, and whose "treacherous" betrayal of the innocent affection they had shared seems, after his pathetic wife's collapse, to have been the deadliest blow he ever suffered.

From that moment Thackeray was a lonely man, virile, intensely energetic, yet deprived of sexual solace. He had adored and reverenced Mrs Brookfield; her loss was an irreparable catastrophe. Yet "very likely," he told his dominating mother with a touch of unexpected cynicism,

"It's *a* woman I want . . . and some day may be investing a trull in the street with that priceless jewel my heart. —It is written that a man should have a mate. . . . The want of this natural outlet plays the deuce with me."

It did not, however, play the deuce with his harmonious family life. Anny and Minny were an unfailing consolation:

"My dear girls are sitting in the next room, busy and cheerful . . . artless and tender as heart can desire—what a brute a man is that he is always hankering after something unattainable!"

Though a passionate man, he was also sensitive and scrupulous; and even in the choice of his daughters' governesses, who must be neither too young nor disturbingly attractive, he showed a keen Victorian sense of duty. The girls repaid him with deep gratitude; he remained the centre of their universe; and his early death—he was only 52—temporarily prostrated them and might perhaps have condemned them to self-pitying spinsterhood, had they not inherited his strength of mind. As it was, both achieved happy marriages—Minny, in 1867, to a donnish mountaineer named Leslie Stephen (by his second alliance, the father of Virginia Woolf); Anny, ten years later, to Richmond Ritchie, a handsome and cultivated civil servant.

Meanwhile, she had begun a successful literary career, which brought her some degree of fame; and her novels, though fragmentary and disorganised, are redeemed by their brilliant imaginative flashes. "She showed (said Leslie Stephen, a warm admirer, though sometimes a sharp critic) more perception and humour, more delicate and tender and beautiful emotion, than would have made the fortune of a dozen novelists, had she had her faculties more in hand."

Her true masterpieces are not the stories she told but her graphic descriptions of the famous people she had studied; and it is to her we owe the celebrated account of the dreadful dinner-party that her father arranged for the mysterious authoress of *Jane Eyre*, a "serious little lady, pale, with fair straight hair and steady eyes . . . in a little *borège* dress with a pattern of faint green moss." Miss Brontë obstinately declined to converse; and Mrs Brookfield, still a privileged member of the Thackeray household, leant forward with a gentle commonplace '" Do you like London, Miss Brontë?" she said; another silence, a pause, then Miss Brontë answers, "Yes and No" very gravely. . . .'

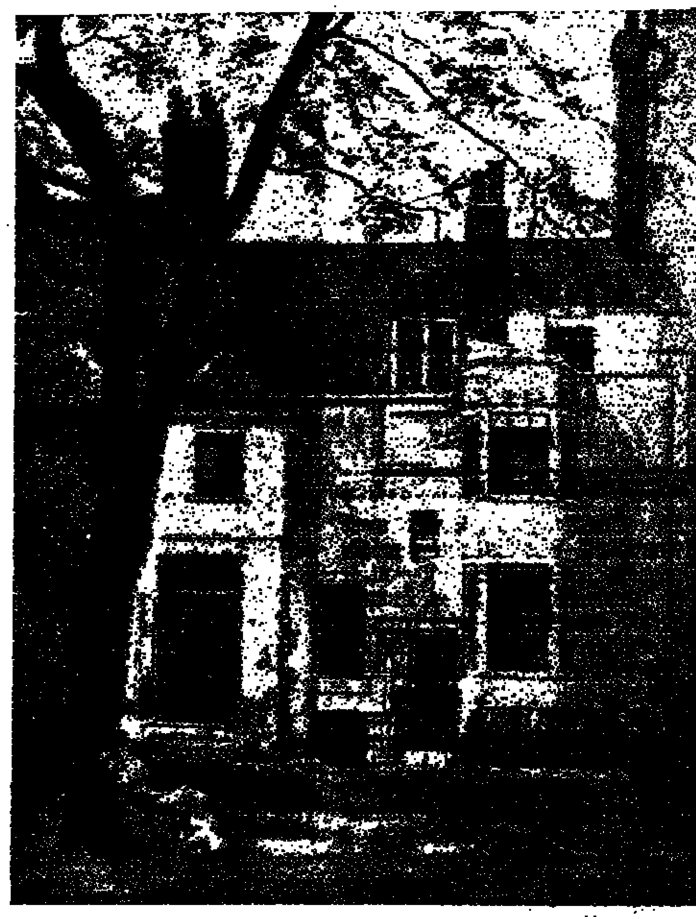
Equally vivid is a sketch of George Sand:—

She was a stout, middle-aged woman, dressed in a stiff, watered-silk dress. . . . Her black, shiny hair shone like polished ebony; she had a heavy, red face, marked brows, great dark eyes. . . . "That is George Sand," said Mrs Sartoris, bending her head and making a friendly sign. . . . The figure also bent its head; but I don't remember any smile or change of that fixed expression.

During her later years, Thackeray's elder daughter — Lady Ritchie since her husband had been knighted — became an important and much-liked personage in the London literary world, with whom Henry James himself lengthily and affectionately corresponded; and when, busy and good-humoured to the last, she died in 1919, Virginia Woolf, who had known her well, wrote an obituary notice for the Times Literary Supplement, prophesying that she would be "the unacknowledged source of much that remains in men's minds about the Victorian age. She will be the transparent medium through which we behold the dead."

Miss Winifred Gérin takes a similar view of her subject; and her biography, though slightly over-detailed here and there, is a remarkably entertaining book which, besides providing a lively central portrait, gives us an illuminating survey of a vanished social period and traces many odd connections between Victorian and Georgian characters. Richmond Ritchie was a devoted and, as a rule, a faithful husband; but having offered to advise the widow of the Laureate's younger son, "dear Lionel Tennyson," about her troublesome financial problems, he unfortunately fell in love with her, and the lovers threatened to elope.

Lady Ritchie's behaviour was exemplary. She suggested he should at once retire to Brighton and think the situation out, and almost immediately received a brief postcard, announcing that he would very soon be home again. Mrs Tennyson appears to have accepted his decision and subsequently married Augustine Birrell, whose son, Francis, book-seller, man of letters and wit, became a friend of Virginia Woolf and a great ornament of Bloomsburian society in the 1920s and the 1930s.



The London house of Lady Ritchie at 27 Young Street—from the biography reviewed today

Fiction

War of words

BY ISOBEL MURRAY

The Meeting at Telgte
by Günther Grass. Translated by Ralph Manheim. Secker & Warburg, £5.95. 147 pages

Long Day at Shiloh
by Don Bannister. Routledge & Kegan Paul, £6.95. 277 pages

Dark Flight
by John Rossiter. Eyre Methuen, £5.95, 215 pages

Blind Pilot
by Ambrose Clancy. Macmillan, £6.95. 384 pages

Günther Grass: story of 30 Years War

Günther Grass's new book *The Meeting at Telgte* seems at first a long way from modern life or any reality. The novella deals with a supposedly historic incident in 1647, when German-speaking writers met together in an unwieldy debate. The Thirty Years War was drawing to a close, and the writers meant to put aside their theological or political differences, "to rescue their cruelly maltreated language and to be near the peace negotiations."

This is the scenario offered at the beginning of the book, which seems to develop into a regular "Dunciad," mocking each and every writer and his self-importance. One immediate area of enjoyment is the neat turn of description: there is one elderly magister, "a man so incapable of expressing himself without lecturing that even his silence suggested a lecture." When another suddenly witnesses two corpses floating downstream, they left,

"nothing behind except potential metaphors, which Zesen began at once to pad with resounding neologisms. He was so hard pressed by language that he had no time to be horrified."

The writers do very little. They read out their works to each other, and guzzle food and drink, and then fulminate at the forager Gelnhausen, who has provided the food from war-stained sources. So they forget danger "through skilful recourse to the dactylic words for which they were always searching"; or they "dropped the soup controversy and sank their teeth into phrases and sentences: easily satisfied word-ruminants, finding, if need be, satiety in self-quotation."

But the jacket and the Afterword, by Leonard Forster, both draw our attention to an important parallel: the supposed meeting at Telgte is a reflection of a series of annual meetings of German writers known as Group 47, after the Second World War. Grass himself first attended in 1955, and won a Group Prize for his novel *The Tin Drum* in 1958.

Grass clearly intends to draw some meaningful comparison by fictionalising his facts elaborately and casting them back 300 years, but how detailed is his parallel? The Afterword says that German readers got it wrong, trying to read the work as a *roman à clef*: British readers will be more cautious, and may be made to feel disablingly ignorant. But at least awareness of the two parallel writers-for-peace movements makes the satiric exploits of 1647 more amusing and to the point.

It is possible to recognise another level in the book, a level on which writers are forever mocked for self-esteem and their belief that the pen is mightier than the sword. Grass's own cover picture shows a hand rising forcefully through rubble to wield a quill pen, and his mockery is directed at any glib beliefs about the power of that pen. But ironically the whole complex satire serves to enhance and not extinguish the importance of literature and the aspirations of the writers.

New readers of Grass should not perhaps start here. But readers not already discouraged by my puzzled admiration are invited to approach the book enjoying the surface glitter and wit, and perhaps beginning to see a larger meaning of another kind. We are helpfully told of two important characters that their names mean "The Marksman" and "The Roof"; the nickname of the aging landlady is "Courage" (*Mother Courage?*) and the rogue Gelnhausen who is at last to produce the literary masterpiece is self-styled Stoffel, yokel or boor. Perhaps a dim outline of a folk-tale or parable also looms?

Don Bannister's use of history in *Long Day at Shiloh* is a lot less problematical. Bannister has chosen to recreate the first 24 hours of the Battle of Shiloh in 1862. In those crucial hours the Union troops under Ulysses S. Grant were almost overwhelmed by a sudden mighty Confederate attack.

Bannister has constructed his novel carefully. It is like a series of vignettes, of short stories, where we see and feel with individual troops, wounded, scared, dying, or witness the horrific effort of an officer shooting men trying to escape. The "bitty" nature of the battle is deliberately highlighted by this technique.

The main connecting thread in all this is Grant himself, whom they used to call Useless. The book constantly returns to him and his problems, the apparently endless wait for reinforcements, the dangerous nature of the battle site. This is an interesting and effective way of persuading the reader that he really shares the experience of battle.

We stay with battle for the next book, John Rossiter's *Dark Flight*. It is an eerie and peculiar book about the experiences of two British pilots in the Second World War. Philip Graham crashes at the start, while Oliver Missen asserts his wish to live by greedy enjoyment of sex. When Oliver meets Philip's widow Laura, she is impressed by his physical resemblance to Philip, while his response is his usual mindless lust.

The book gets odder and odder; Philip wanders apparently in France, searching for Laura and becoming more and more attenuated, almost pure spirit, while Oliver becomes more and more gross, life-guzzling and amoral. A powerful book which I found also unpleasant and puzzling.

Ambrose Clancy's first novel, *Blind Pilot*, is a story of contemporary Ireland, on a most ambitious scale. The story is complex and interesting, the range of characters is wide and the author is to be encouraged. But I found the characters insufficiently realised and differentiated. I look forward to his next book.

Animal, mineral man among his colleagues

BY DAVID FREUD

Antiquity and Man: Essays in Honour of Glyn Daniel
edited by John D. Evans, Barry Cunliffe and Colin Renfrew. Thames and Hudson, £25, 256 pages

A Short History of Archaeology
by Glyn Daniel. Thames and Hudson, £9.50, 236 pages

Glyn Daniel's colleagues and former students have marked his retirement from the Disney chair of Archeology at Cambridge with a Festschrift — a collection of essays. His most famous student—Prince Charles—has written the foreword and the other contributors cover Professor Daniel's main interests and the several roles he has adopted.

A former undergraduate recalls his relaxed teaching style: "Have another glass and tell me what you think about . . ". There are tributes to his editing of both the magazine Antiquity and the book series Ancient People and Places. Most important, perhaps, has been his role as populariser, initially via the mass audience of the 1950s TV programme "Animal, Vegetable, Mineral?"

So the collection of essays represents to some extent a tribute from Glyn Daniel's peers for his promotion of their profession in the popular consciousness. As such one of the most interesting themes in the collection, touched on again and again by different contributors, is the extent to which present-day archeologists are successfully presenting their findings to a wider public.

Glyn Daniel himself remains a past master of the interpretive arts. *A Short History of Archeology* — incidentally the 100th volume in the Ancient People and Places Series—is highly compressed yet never obscure. One of its strengths is the truly cosmopolitan coverage, with the monitoring of the development of archeological ideas in different European countries as well as their interplay. The importance of contemporary preoccupations in archeological interpretation is a theme ably picked up in the Essays by John D. Evans.

Nevertheless, as Glyn Daniel approaches modern times in his History, one has a sense of the subject running away from him. This is partly due to the sheer volume of archeological work. It has become impossible for a single person to monitor everything that is going on.

But modern archeologists are hardly being their own best friends. Complaints about diggers who do not publish — or publish late—are a cliché. The problem is brought into sharp relief in the Essays by David and Joan Oates, who look at what has been happening in Near Eastern archeology. The "cradle of civilisation" is core ground for acheologists, yet the Oates point out that one consequence

"of the recent escalation of archeological activity in the Near East has been the generation of almost indigestible quantities of new data, much available only in the most preliminary of reports, if at all. One result has been that, with a few notable exceptions, the stream of popular accounts and textbooks that have recently been published on such subjects as the origins of agriculture and the rise of civilisation . . . are already 20 years out of date in their treatment of Near Eastern evidence."

Admittedly the Near East, because of its complexity, presents a huge challenge to archeologists. They are on safer ground where they have simpler cultures to deal with. The specialist area to which space is devoted in the Essays is European megaliths, though some of the contributions will fail to ignite the imaginations of laymen.

In contrast another section of the Essays is devoted to how archeology has impinged on the public, and includes even a nod to Glyn Daniel's detective story writing, along with a look at archeological humour.

Glyn Daniel: digging deep

This latter makes an ominous finding. A century ago satires or parodies on archeological lines were comprehensible to the layman; modern parodies are gibberish to the non-specialist.

In his *History* Glyn Daniel takes a jab at both the "pyramidiots" and the "new" archeologists. But the Daniel tradition—"to get the lowbrew over the bridge into the high-brow regions of specialisation"—is under threat as archeology cloaks itself in the jargon of a science. The danger is that archeologists will surrender the field to "pyramidiots" and von Danikens.

Johnnie's agony

BY W. L. LUETKENS

Against Two Evils: Memoirs of a Diplomat Soldier during the Third Reich
by Johnnie von Herwarth with Frederick Starr. Collins. £10.95. 318 pages

Any German who risked his neck to stop Hitler deserves both respect and attention. Herr Johnnie von Herwarth did so repeatedly during a diplomatic and military career in the Third Reich. As a junior member of the German Embassy in Moscow he tried to warn British, French and Italian friends of what was to come, including the diplomatic volte face of the Molotov-Ribbentrop pact which really cleared the way for World War Two.

In 1944 he was associated with Claus von Stauffenberg, the man who planted the bomb on July 20 and paid for it with his life. Herr von Herwarth escaped because he was absent from the scene at the crucial time.

This autobiographical book is not intended to be a history of resistance to Hitler, though the theme runs throughout its pages. It is first and foremost the account of how one man faced the challenges of the time. Having a Jewish grandmother held back his career, but pointed him against the regime.

Herr von Herwarth does not parade his conscience, but the title discreetly draws attention to the conflicts of conscience he, and many others, went through. There is a subdued discussion of the morality of tyrannicide. Nothing in the book is more poignant than the response of his commanding general who, when von Herwarth told him that war was inevitable, agreed and said:

"Do not discuss this with the other young officers. Most of them will go to their graves in the course of this war, and one can only hope that they will be able to die with their illusions intact."

The author is forthright about the generals and field marshals who could not make up their minds to bring down the dictator, at one point contemptuously speaking of Hitler's pensioners. The judgment does not of course apply to all of them: many paid with their lives for what they tried to do.

There is an interesting sidelight on the Soviet generals of pre-war days. Von Herwarth was in Moscow at the time of the purge of the Soviet high command, including Marshal Tukhachevsky. At the time he was convinced that the charges were trumped up, but later he came into possession of evidence that the Marshal may have looked upon himself as a "Red Bonaparte."

In the light of today's events it is interesting to read the view of the German military attache in Moscow, cited by von Herwarth, that the Soviet Union was eminently capable of defending itself, but incapable of waging offensive war successfully. The first part of that analysis was proved right. After Afghanistan one may well ponder the other half. Von Herwarth's account of how Soviet soldiers deserted in droves at the outset of war is not new, but also deserves careful reading.

His post-war career led him on to be German Ambassador in London from 1955-61. A volume of memoirs for that period would not lack interest.

HOW TO SPEND IT

by Lucia van der Post

If Julie's recipes tempt you to make your own ice-creams, Divertimenti of 68 Marlyebone Lane, London W1, have a good selection of special equipment. For large numbers try the four-quart electric churn shown sketched at the back. At a special price of £28.69 (saving £5) it can be sent by carriage for £1.90 extra. In front of it is a small electric Tefal ice-cream maker to use in the ice compartment of a fridge or in a freezer—it makes one quart of ice-cream and costs £15.55 (p+p £1.90). There is a series of bombe moulds—cheapest are aluminium like the one in the sketch (£2.40, p+p 60p) but copper ones not only conduct the cold better but have a small knob in the bottom which releases the suction to make unmoulding the bombe a simple matter. Copper moulds start at £8.74. The small scoop is £5.33 (p+p 60p) and the sundae glasses are 99p each (p+p £1.80 for four).

Cool numbers

BY JULIE HAMILTON

ICE CREAM, it strikes me, is to summer what central heating is to winter—more than welcome. Sunshine or no, ices always turn up hot favourites as soon as the days lengthen and lighten. Along with strawberries, salads and Pimms, ice cream signals the onset of summer.

But the ice's fame goes far beyond its modern reputation as a sometime "lick on a stick." Back in the 19th century cream ices were something of a fine art, considered a superior epilogue to a good meal. They graced the grandest tables in the land, often taking their place at formal dinners which spanned two or three hours and some 12 courses. The meal would be divided in two, with ice cream, frozen mousse or water ices at various intervals to cleanse the palate. The ultimate dish would often be an elaborate multi-coloured, multi-flavoured moulded cream ice.

I don't have any form of ice cream machine, which I think would probably make the operation easier. I made do with a deep bowl in my freezer.

The basis for a successful ice cream is a good stirred custard, made either with cream or milk or a combination of both. The quantity of eggs is flexible. I use 8 egg yolks to 1 pint of milk with ½ lb caster sugar (but you may use as few as 2 whole eggs well beaten and 1 sachet of gelatine), stirred in a bain marie until it coats a wooden spoon. You may also add lightly whipped slightly sweetened cream to the custard when partly frozen to make a richer ice cream (½ pint cream to each pint of custard). When the custard is made and cooled you may then flavour it and colour as you wish, but always pass it through a sieve first.

The freezing process without a machine requires your attention every half hour at least until the custard is half frozen. You must stir it vigorously or even beat it to break up any forming crystals. I use a balloon whisk but a fork will do. When you reach the half frozen stage remove the ice cream to a suitable chilled bowl and whisk it very thoroughly with a rotary whisk or electric beater. Transfer it to its final container or mould and continue freezing undisturbed.

If you do not have a deep freeze, the ice-making compartment in the refrigerator will do. When using either freezer or refrigerator it must be turned to its lowest temperature one hour before you start. Turn the temperature back to normal when the ice cream has reached the half way stage if you're using a deep freeze and when its fully frozen if you use a refrigerator.

There are various ways of making water ices. I hesitate to use the name sorbet because according to a certain Mrs Marshall, a 19th-century cookery writer, a sorbet is a water ice to which wine or spirit has been added. She also says the texture should be that of slushy snow. Some of her recipes involve the use of egg whites or gelatine (which should be used when it is the intention to mould the water ice). Some are so simple it is hard to believe they will be any good. But I promise you they are. I found in the bottom of my freezer a box of raspberries left over from last year; now I know what to do with all my surplus fruit especially the strawberries still waiting to be made into jam!

The freezing method for water ices is exactly the same as for ice cream.

A syrup made from 1 pint of water to ¼ lb sugar with the juice of ¼ a lemon added, boiled for 10 minutes and strained, is used in most water ices. As an example here is how to make a simple raspberry water ice.

RASPBERRY WATER ICE

serves about 6

1½ lbs raspberries; 1 pint water ice syrup, made as described above; 1 sachet gelatine if you want to mould your ice.

Push the fruit through a very fine sieve to eliminate all the tiny pips. Measure 1 pint of the purée to 1 pint of the syrup to which you have added the gelatine if desired (always dissolve the gelatine before adding it to the hot syrup). Mix well together and freeze as above.

It is quite fun (and the result is very pretty) to line a mould with this ice when it is firm enough to stay in place and fill the remaining cavity with vanilla ice-cream which has been made from an enriched custard. Before you add the vanilla ice make sure the raspberry is well frozen into place. Whip the vanilla ice-cream until it is slushy and pour it in. Unmould about 1 hour before serving and place it in the centre of the refrigerator.

That basic recipe can be adapted to almost any unsweetened fruit purée or juice. The addition of 4 egg whites stiffly whipped at the half-way frozen stage adds body to the ice, but I do not think it is really necessary.

Here are two of Mrs Marshall's recipes which are really exceptional.

CUCUMBER CREAM ICE

serves 6 or more

1 large cucumber; 4 oz sugar; ½ pint water; 2 tablespoons ginger wine; juice of 2 lemons; a little green food colouring; 1 pint sweetened custard (as described above).

Peel the cucumber, remove any seeds. Cut into chunks and place it in a saucepan with the sugar and water. Cook until tender. Purée it by pushing it through a fine sieve. Add the ginger wine, colouring and lemon juice. Combine it with the custard and freeze it in the usual way.

FILBERT CREAM ICE

Serves 6 or more

1½ lb filberts (hazel nuts); 8 egg yolks; 1 pint cream; 4 oz caster sugar; ½ teaspoon vanilla essence.

Place the filberts in a pan and cover with cold water, bring to the boil, strain and rub the nuts in a tea towel to remove the skins. Grind them in a food processor or blender until quite smooth. Gently combine them with the egg yolks, sugar and cream, place in a bain marie and stir continuously until thickened. Pass through a sieve, add the vanilla and freeze as described.

It is important when serving any ice cream to remove it from the freezer and place it in the centre of the refrigerator in plenty of time for it to soften a little. If it is is too hard it is not only unpleasant to eat, but its flavour is greatly diminished.

LANGUES DE CHAT

Much nicer than a wafer, serve langues de chat with ice cream. They are very easy to make and keep for ages in an airtight tin.

2 egg whites 4 oz caster sugar; 2 oz plain flour; 2 oz butter; a drop or two of vanilla essence.

Beat the egg whites and sugar together with a fork until smooth. Melt the butter and mix it into the egg whites along with the sifted flour. Add the vanilla. Heat the oven to gas mark 5 (375 F). Grease and flour a baking sheet and spread little oblongs of the mixture on it. Bake for about 7 minutes or until they are golden and light brown at the edges. Cool quickly on a flat surface.

A fine finish

NEVER, in my memory, have accessories, been more important than this summer. The good news about this is that unless you suffer from an advanced case of label "snobbism" you can find plenty of up-to-the-minute accessories that cost a lot less than the clothes they adorn. The bad news is that they do require flair and taste. Some cheap accessories look marvellous while others look —well, cheap.

If you haven't a lot of money to spend and are about to go on holiday and don't want to feel too upstaged by all those preposterous beauties that seem to spend their lives on whichever beach one arrives at, then my advice, gleaned from a recent trip to the South of France, is this: take a pair of long shorts, long trousers, T-shirts and at least one frilly blouse, all in white, and you will be ready for almost every eventuality. White is worn all the time, looks marvellous against a tanned skin and can be dressed up in a hundred different ways—for glamour, add lots of gold or bronze. Shoes, jewellery, belts—all come in gold or bronze. Make it look crisp by dressing it up with navy, exotic by adding lots of red or purple or both.

A good hunting ground for accessories is always the Fenwick shops—there are masses of the fashionable shawls and scarves that can be used singly or in twos or threes to be twisted round head, shoulders or waist. Fenwick also reports a huge run on its frilly lace collars—at prices starting as low as £1.50 they can be added to sweaters or blouses to give instant frilly glamour. Kenzo shops have the most colourful sashes for enlivening white dresses but they are expensive. Monsoon shops are another good source of colourful, glittering scarves and belts.

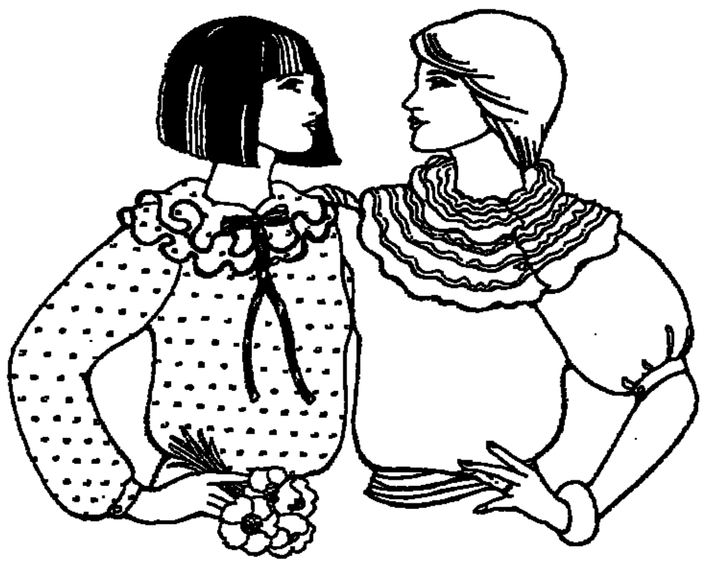
Marks & Spencer has a marvellous cream, crew-necked cable-knit sweater that costs only £7.99, is walking out of the shops, and can be slung French-style round your shoulders, ready to keep you warm should the Mistral unkindly blow. If you're tired of white, it also comes in a very chic mushroom colour and a sage green.

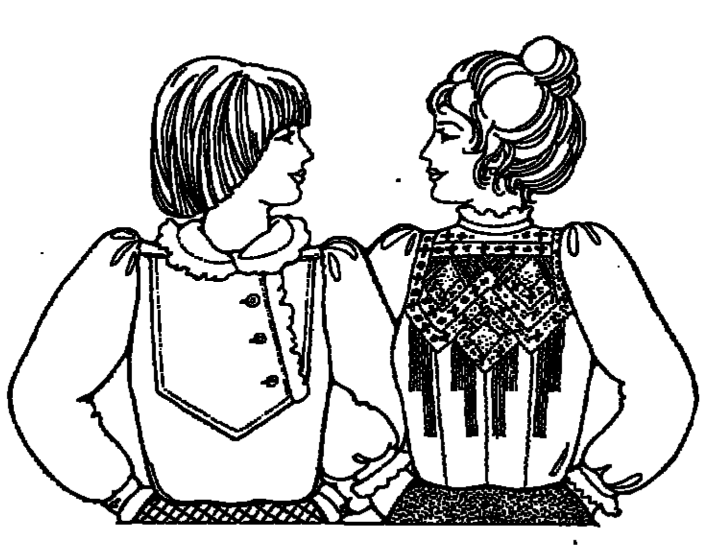
Sketched on the rest of the page, are just some of this summer's most up-to-the-minute finishing touches.

● For the summer traveller Enny Bags offers a complete collection of soft, sporty capacious designs, all with that indefinable air of casual chic. The particular bag photographed here is typical of this summer's Enny collection. In jaunty nautical colours of navy, red or white, it is big enough to take paperbacks, magazines and make-up, as well as having a separate pocket to cope with things like passports, tickets and traveller's cheques. For those who find this bag too large for their own purposes, there is a whole range of other designs — from tiny satchels on long straps to elegant bags that can easily be converted into clutch-bags for wearing with a smart suit or a city dress. As always Enny uses softest leather to achieve that soft, squashable look. At £69 this bag is to be found in most major department stores —look for it at House of Fraser Shops, the Binns group of department stores and other good shops.

Cheap frills

● *This is undoubtedly the summer of the frilly blouse.* Every fashion editor I know seems to own several and the crispest and the best of them come from Kenzo (at the Kenzo shops in Brompton Arcade and South Molton Street) and from the pirate-look designer Vivienne Westwood at World's End. However, the Kenzo blouses are not cheap and there are plenty of remarkably clever look-alike designs to be found in shops up and down the country. The Miss Selfridge chain has an extraordinarily large choice of frilled blouses at prices that start at about £10—some look and are cheaper than others but if you look carefully you should certainly be able to find something there to give your summer wardrobe an authentic air of 1981.





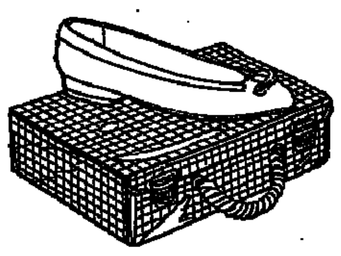
Sketched here are four of the prettiest reasonably - priced, widely available designs we could find. In the top sketch left is a white blouse in a polyester fibre with a tiny fleck design and a very ruffled collar, trimmed with black and sporting a black ribbon. In sizes 10 to 16 it is available from a selection at Barkers of High Street Kensington, London W8. By Peepers of London, £23.50 (p+p 50p). Right, in the same sketch, in pure cotton is a blouse with multiple frills round the neck and large puffed sleeves ending at the elbow. By Stickgrange £19.99 from a selection at Snob shops.

In the bottom sketch, left, is a very crisp and clean-looking pure cotton shirt designed by Stirling Cooper. In white only it is £19.99, comes in sizes 10 to 12 and is to be found at major branches of Wallis shops in London, Birmingham, Manchester, Edinburgh and so on. On the right is a blouse with a much more delicate air. In fine, soft cotton it is embellished with little pearl beads and ornate embroidery and is just the kind of blouse to go on and on for years. £21.99, sizes 10 to 12, it is also available from branches of Wallis shops.

● Accessories are more important than ever this year—if you add a frilly blouse, the right belt and plenty of glittery, etchnic jewellery you'll be able to update almost any wardrobe. Sketched top is a selection of this year's belts—Otto Glanz's loop belt in assorted colours is £9.95 from John Lewis, Harrods and most branches of Fenwicks. Then comes a bronze, gold or black leather belt with a leaf buckle for £24. From Christopher Trill, 17, Catherine Street, London, WC2. In the middle is a gold or bronze fine belt from Fenwicks, £5.95. Next is a twisted bronze and white or, khaki and gold belt at £17.95 from Fenwicks. Finally, another Christopher Trill twisted belt in bronze or gold and silver or red and grey, £38.

Below is a selection of Ethnic gold, copper and bronze jewellery from Michaela Frey 41, South Molton Street, London, W1. The long bobble necklace in copper is £8, the earrings are £3.50 (in copper or brass) and the two bracelets are part of a large selection in brass or copper, £3.30 and £5.

● This summer's bags are above all soft and casual and those that are the most fun are coloured either bronze or gold or else white. The selection sketched here sums up this summer's look. From the left, first a very romantic evening bag made of Indian antique silk in pink, purple, green, rust or blue, all with gold cord. Made by Butler and Wilson, who have an impeccable eye for all that is up-to-the-minute, it costs £23 either from their shop at 189, Fulham Road, London, SW3, or from Liberty of Regent Street. Next a neat little round zipped bag to wear on the shoulder—it won't hold an awful lot but is stylish and easy to wear. In bronze leather only, £18.95 (p + p £1) from Fenwick of Bond Street. Next, is a beautifully soft leather bag in a chic duffle-shape. In khaki with gold trim, by Ushy Bauer, it is £27.95 from Fenwick of Bond Street (p + p £1.25). Another version of the duffle bag, this time by Enny Bags, it comes in a whole range of colours like brown, olive green and red and the fastening is a magnetic press button. About £50 from Henry's at 185, Brompton Road, London, SW3, or Harvey Nichols of Knightsbridge and other Enny Bag stockists. Finally, from Christopher Trill at 17, Catherine Street, London, WC2, is a chic little leather bag shaped just like a scaled-down carrier-bag. In asserted colours (it looks wonderful in gold for evening), it is £49 (p + p £1.25).



● If your style is more sporty than ruffled and frilled then this brilliantly coloured little brief-case, rather like a child's school-case, is not only great fun but very practical. It has a telephone cable handle and comes in pink, white, lilac or blue. £6.50 (p+p £1.25), 8 ins by 12 ins by 3 ins deep, it comes from Fenwick of Bond Street, London W1. Low heels are the thing for the sporty set and Bally Shoes have a very comfortable summer shoe called Riva that comes in lilac, apricot or the very fashionable white. £31 from Bally shops in London, Manchester, Guildford and Cheltenham.

Drawings by Anne Morrow

ARTS

Outdoor pursuits

BY B. A. YOUNG

Tennis on Radio 2 all week from two o'clock till seven, broken only occasionally by short visits to less important sports like cricket and business affairs like racing. Wimbledon weather seems to have packed up already, but the illusion of summer is welcome. Sometimes I wish the commentators would stick to commenting and cut out the gossip, but as long as we get the picture in reasonable detail they're doing all right, and at any rate *they* all love it.

Samuel Johnson, who lived in an age when no gentleman would want to be famous for playing a game, let alone being paid for it, thought that "Every man thinks meanly of himself for not having been a soldier or not having been at sea." Evelyn Waugh and Anthony Powell both reached their highest flights in three-decker derivations from their military experiences. Now Frederick Bradnum has made a six-part serial for Radio 4 out of the three soldiers' tales from Powell's *A Dance to the Music of Time*. In Part 2 this week, on Sunday evening and Tuesday afternoon, we have just come to the end of the first of them, *The Valley of Bones*.

That eventful weekend at Lady Frederica's, where Odo Stevens fell for Priscilla, where Frederica and Dicky Umfraville announced their engagement, where Robert got his embarkation orders, and so on and so on, was a nice free-for-all of Powellesque society. It was less easy to follow the subsequent adventures on detachment at the Corps School of Chemical Warfare at Castlemallock, though. The kind of people you'd meet at Lady Frederica's is hardly familiar to most of us: unless you already know the novels, it's not easy to keep track of the Tolland ménage without having them presented in more detail. On the other hand, the soldiers, from pompous Major Widmerpool to drinking Second - Lieutenant Bithel, come from categories known to us from other backgrounds, from *Dad's Army* upwards. Captain Gwatkin, the Company Commander, a bank manager in civvy street, could indeed have fitted exactly into that saga.

The complexities of the story make difficult radio, and Mr. Bradnum has to fall back a lot on narrative, spoken by a mature Nicholas Jenkins (Noël Johnson) with an older voice than the serving officer Nicholas (Gareth Johnson). As the whole of the 12-volume *roman fleuve* is in a sense the reminiscences of Nicholas in late life, the method works well enough. Indeed I don't see how the books could be transcribed for radio in any other way and still retain enough of their individual feeling.

If Widmerpool had survived that fatal jog through the woods five volumes later, he'd certainly have made an appearance in *No Minister*, Hugo Young's dissection of the Civil Service, about which I wrote last week. Last Sunday's half-hour dealt with management, a talent for which seems to be in short supply among Civil Servants. They put up a gallant defence for themselves, especially those hard-working dispensers of Social Security at the Newcastle Central Office in Washington; but Sir Derek Rayner, the representative of Big Business called in by Mrs Thatcher to find out what kind of service we're getting, was hardly overcome with enthusiasm. This series so far has been as interesting as it has been important. Radio 4 at seven o'clock on Sundays.

If you didn't happen to catch Capital's programme called *Royal Hype* last week, make a note that it is going out again in their nightly *London Tonight on Monday*. (The programme begins at 6.30, but this feature will probably come on about seven). It's a survey by Jane Walmsley of the Prince Charles/Lady Diana souvenir business.

There's already a block-busting trade in the portraits, the busts, the handkerchieves, the T-shirts, the mugs, the records, the video cassettes and the thousand other knick-knacks with which sentimental subjects can express their loyalty. (For the record, I have a mug of exactly the size I need for elevenses, but the Prince's crest is not quite horizontal.) Some of them are pretty bizarre. There's Rod McQueen's disc "Hi hi hi, Lady Di," for instance, with its chorus, "Charlie, you are my pride and joy, Charlie, you are the real McCoy." Every offering is just a genuine, heartfelt tribute, and if it makes a million, that's just luck. And if *Royal Hype* trebles listening figures, that's just luck too.

★

The three top prices at a Christie's sale of English pictures yesterday were all records for the artists. The London dealer Fritz-Denneville paid £110,000 for "The Masters Foster," a portrait of two brothers by Henri Danloux, his first work in London; the Louvre, Paris, bought a portrait of Charles Crowle of Crowle Park by Pompeo Batoni for £70,000; and The Asian Collector Ltd of Hong Kong acquired a portrait of a Chinese girl by George Chinnery for £65,000.

Winter at Veneux-Nadon, c 1880.

Alfred Sisley

BY WILLIAM PACKER

It is enough for any artist to paint the pictures he needs to paint, and to get them right as he sees them. We, however, are so conditioned by the orthodoxies of art history and criticism, by which so much importance is attached to the minutiae of chronology and biography, of provenance, authenticity, locality and iconography that we are too often led to treat the work itself, as it is, exquisitely beautiful though it may be, as all but incidental to the serious business of scholarly appreciation. And from this mistaken inclination has grown the unfortunate idea of the minor master, with its damning smack of condescension towards an artist who only has his work to recommend him.

Alfred Sisley was not the first of the Impressionists, nor was he ever particularly eminent; nor conspicuously influential within what now seems that very loose and arbitrary grouping; yet he was an early friend and associate of Monet and Renoir, took part in the notorious exhibition of 1874, and was always involved, enjoying the lasting respect of his fellows despite his failure to win any financial or even critical success—both came in a rush, true to form, within months of his death early in 1899. He painted steadily and quietly through all his difficulties, and very beautifully indeed. The sheer pleasure he took in the landscape, in all its seasonal variety, and in the business of putting paint onto a canvas to give it expression and substance, shimmers across the surface of every picture of his we see. To us he now stands, perhaps, the most typical, the most perfect Impressionist of them all.

And it is astonishing to discover, such indeed is his standing, that only one museum has ever devoted a major exhibition to his work, and that was at Berne all of twenty-three years ago. The full wantonness of such neglect, however, is at last pointed somewhat by the small but extremely fine exhibition that the Artemis Group and Richard Nathanson, working together, have just put on in Duke Street, St. James's where it remains until July 11, and for that short time palpably one of the prime treats that London has to offer.

These 19 paintings take us through his career with great economy, and as much effect, from the early and decidedly atypical, Courbet-like painting of the forest at St Cloud (1867) to the late and as unexpected, though most impressive painting of the church at Moret. Characteristically, however, that work carries the time of day, l'après midi, in its title; and time after time Sisley examines and shares with us his particular experience of day and season—en été; matin de mai; matinée de novembre; temps gris; matin d'hiver. And pointed or not, the physical sensation, the particularity of place and moment is caught and transmitted to us. They are very direct and physical works, potently suggestive and atmospheric, for we too know the hum of summer, and the raw damp of autumn.

Sisley does all this with wonderful economy and sureness of technique. These paintings are all on the small side, and one or two might almost be thought unfinished, left off at just that moment before the instinctive statement turns to description, the broad structure of the work knocked in and so deftly, so nicely annotated. Even those most thoroughly worked through retain this essential freshness and immediacy, the definitive dab of blue piercing to infinity the foliage on which it is laid, a single stroke resolving the trees along the river bank. Every mark is in its place, every tone and colour just so. The minor master may be a great artist nevertheless.

Pavarotti potpourri

BY WILLIAM WEAVER

My Own Story by Luciano Pavarotti with William Wright. Sidgwick and Jackson, £8.95, 314 pages

The opera singer's autobiography (with or without collaborator) is a special genre. Some of the best are outrageous and amusing, like Mary Garden's or straightforward and moving, like Titta Ruffo's *La mia parabola* (arguably the best in the category). Even run-of-the-mill autobiographies are often useful to critics and scholars, trying to recapture the feeling, the context of a period or a performance.

But Pavarotti's *My Own Story* is not an outstanding example of the form. In the first place, it is not realy a coherent book, but rather a collage, where reminiscenes or ruminations by the popular tenor (apparently taped and transcribed) alternate with interviews on the subject of Pavarotti with people who have encountered him in various guises. As a result we have a few pages of Pavarotti being deadly serious on music or politics or love and then a few pages by his manager or his accompanist or his secretary telling us what a great guy Luciano is and how, despite his celebrity, he really is wonderfully unspoiled. The collaborator on the book, William Wright, describes in plodding prose, almost mouthful by mouthful, a four-hour lunch and conveys, if nothing else, the eye-glazing boredom of it.

Perhaps success in itself is not interesting; certainly Pavarotti and his friends make it sound dull. Probably a good book could be written about the life and career of a world-famous tenor, but this is not it. *My Own Story* has less to do with music than with marketing. It is strictly for fans, preferably not diabetic (though much of the sweetening in these chapter has an artificial after-taste).

Cool response to GLC

Mr. Tony Banks, the new chairman of the Greater London Council's Arts and Recreation Committee, has quickly run into opposition over his discussion document which suggests that the GLC should take over the functions of the Greater London Arts Association and also fund the London Festival Ballet. To find the extra cash the GLC proposes that the Arts Council, the main supporter of GLAA, should assume the GLC's financial aid for the National Theatre and the English National Opera.

No one has warmed to the idea. GLAA is not prepared to quietly disappear and since only £25,000 of its £1.3m annual budget comes from the GLC it can afford to oppose the scheme. It also has the backing of the London boroughs who, collectively and individually, give it more aid than the GLC. The Arts Council is not likely to be pleased at the idea of losing one of its regional arts bodies; and the fact that the new region's director at the Council, David Pratley, has joined from GLAA, means that the regional association and the Council are bound to agree on opposition to the GLC's take-over bid.

What must also irritate GLAA is that its recent policy has been very much in-line with the new thinking at the GLC, which wants aid to go to community and ethnic groups rather than national institutions like the National Theatre and the Royal Opera House, Covent Garden. GLAA has just announced £500,000 in grants to community arts groups and ethnic organisations.

Both the Arts Council and GLAA see dangers in arts bodies being dependent on just one source of finance, especially one that can change its political complexion every few years. The London Festival Ballet, for example, could become a political football. At the moment the Arts Council, regional arts associations, and local authorities, combine to help arts organisations, some of which have a decided political bias. In the short term a more extreme GLC might be able to improve the financial resources of theatrical companies and arts associations with which it shares ideological views, but in the long term, too close an identity between art and politics would be detrimental to both. The Arts Council knows from experience how hard it is to walk the narrow line separating the arts from politics, aiding groups for their artistic quality while trying to ignore their political bias.

A.T.

"Magic of Vienna" royal wedding re-creation

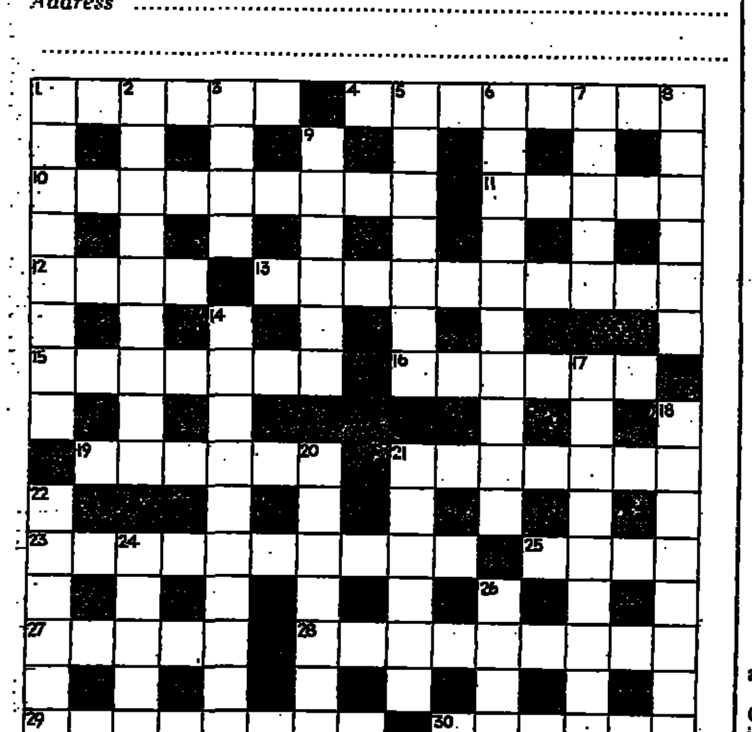
The Royal Wedding will be celebrated on London's South Bank by a re-creation of the 1863 ball celebrating the wedding of Edward VII, then Prince of Wales, and Princess Alexandra during the eight-day season of *Magic of Vienna* (July 25-August 1) in the Queen Elizabeth Hall.

F.T. CROSSWORD PUZZLE No. 4,605

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



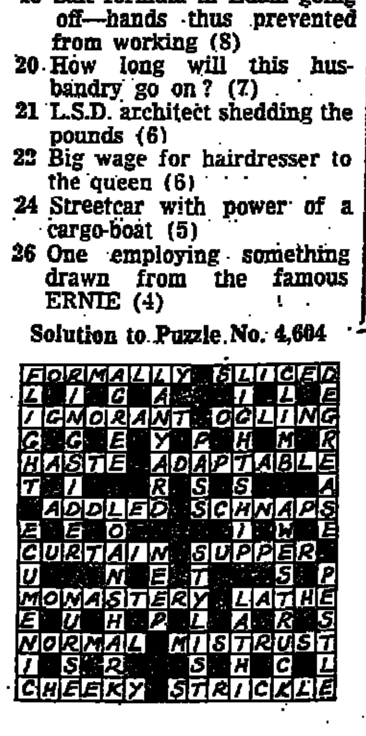
ACROSS

1 Lesion where foreman sits? (6)
4 Gruel-fat rendered acceptable (8)
10 Shan't copy his development—he is a toady (9)
11 Single state of one French couple (5)
12 Tippett's unfinished piece of South Africa (4)
13 Is the Suffolk punch a small one? (5-5)
15 More inclined to wither in the stern (7)
16 Bass, for example, caught in lakes in Germany (6)
19 Want to transfer allegiance? (6)
21 Virtuoso player of central Spain (7)
23 Do true-life characters become one in the deep? (10)
25 Return first-class to South America—you won't see this land mass (4)
27 One thinks this country is losing it (5)
28 Like our forebears from Lancaster in the Wars (9)
29 Given a check, it is what sister takes, overdrawing (8)
30 Stand in the Isle of Man? (6)

DOWN

1 Home and dry on the river, yet anxious (8)
2 Smoother means of raising aircraft (4-5)
3 Carried away and reported hidden (4)
5 Pieces of repartee, still pieces (7)
6 Less severe than hit-and-run, though critical (5-3-2)
7 Not so many free-wheeling round the west (5)
8 Short line to the staff—takes note (6)
9 Domestic appliance keeping the joint secure (6)
14 Pips, perhaps, from giant limes (4-6)
17 Leaves not beginning to fall over here, they say, deliberately (9)
18 Salt formula in Edam going off—hands thus prevented from working (8)
20 How long will this husbandry go on? (7)
21 L.S.D. architect shedding the pounds (6)
22 Big wage for hairdresser to the queen (6)
24 Streetcar with power of a cargo-boat (5)
26 One employing something drawn from the famous ERNIE (4)

Solution to Puzzle No. 4,604



TV/Radio

† Indicates programmes in black and white

BBC 1

7.15-8.30 am Open University. 9.10 Play Tennis. 9.35 Lassie. 10.00 Help! It's the Hair Bear Bunch. 10.20 Battle of the Planets. †10.40 "Fool Coverage" starring Edgar Kennedy. †10.55 "Down Memory Lane" starring Bing Crosby, W. C. Fields, Gloria Swanson and Steve Allen. †12.00 "Trouble Brewing" starring George Formby. 1.27 Weather.
1.30 Wimbledon Grandstand: Rugby Union from Eden Park, Auckland—New Zealand v Scotland (1.35); Athletics from Oslo; Wimbledon '81 (1.55, 3.25); The Irish Sweeps Derby from The Curragh (3.05); Athletics from Crystal Palace (5.20); 5.45 Final Score.
5.55 News.
6.05 Sport/Regional News.
6.10 Hi-De-Hi!
6.40 The Saturday Film: "Taras Bulba" starring Tony Curtis and Yul Brynner.
8.40 News and Sport.
8.55 Roots by Alex Haley.
10.25 Saturday Night at the Mill.
11.15 House Calls.

All Regions as BBC1 except as follows:

Cymru/Wales—1.30-5.55 pm Grandstand: as BBC1, but also including Golf: The Coral Classic from Porthcawl. 6.05-6.10 Sports News Wales. 11.40-12.10 am Golf (Coral Classic).

Scotland—11.40 pm News and Weather for Scotland.

Northern Ireland—6.05-6.10 pm Northern Ireland News and Sport. 11.40 News and Weather for Northern Ireland.

England—6.05-6.10 pm (South-West only) Saturday Spotlight.

BBC 2

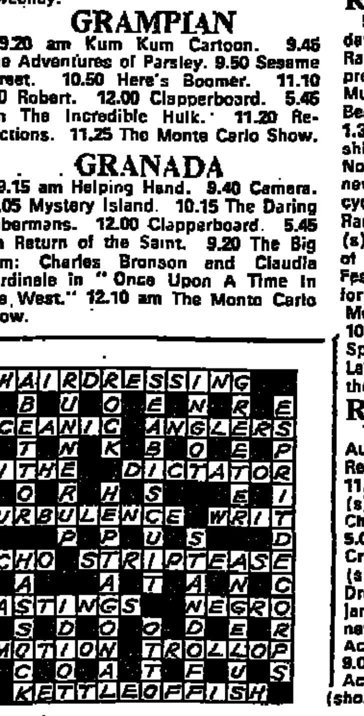
2.00 pm Wimbledon Lawn Tennis.
7.40 News and Sport.
7.55 Scoop.
8.25 Festival of Music.
8.40 "The Long and the Short and the Tall" by Willis Hall.
10.05 Greyhound Racing: Spillers Greyhound Derby.
10.35 Wimbledon highlights.
11.15 News On 2.
†11.20 Midnight Movie: "Three Cases of Murder" starring Orson Welles, Elizabeth Sellers and Emrys Jones.

SOLUTIONS AND WINNERS OF PUZZLE No. 4,599

Mr J. Hesketh, 2 Florinda Cottages, St. Margaret's-at-Cliffe, Dover, Kent.

Mr J. Harvey, 10 Sawley Road, Breaston, Derby.

Mr A. G. Rhodes, Old School House, Legerwood, Earlston, Berwickshire.



LONDON

8.45 am Sesame Street. 9.45 Anna and the King. 10.10 Survival. 10.35 Thunderbirds. 11.30 Clapperboard. 12.00 Mork and Mindy.
12.30 pm World of Sport: 12.35 International Sports Special —(Part 1) Speedway from Poland plus Cycling—Tour de France preview, followed by Australian Pools Check; 1.15 News; 1.20 The ITV Seven from Newmarket and Newcastle; 3.30 International Sports Special—(Part 2) — Athletics from Sacramento, California; 4.00 Wrestling; 4.50 Results Service.
5.05 Worzel Gummidge.
5.35 News.
5.40 Chips.
6.40 Family Fortunes.
7.15 Only When I Laugh.
7.40 Russ Abbot's Saturday Madhouse.
8.10 Magnum.
9.05 News.
9.20 "Deliverance" starring Burt Reynolds and Jon Voight.
11.20 Police 5.
11.30 In Concert Special: Engelbert Humperdinck.
12.10 am Police Surgeon.
12.40 am Close: Personal Choice with Catherine Bramwell-Booth.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am European Folk Tales. 10.00 The Lost Islands. 10.25 Clapperboard. †10.50 Saturday Morning Film: "Okay for Sound," starring the Crazy Gang. 11.20 pm The Monte Carlo Show—Top of the bill is Telly Savalas, actor, singer and entertainer. 12.20 am At the End of the Day.

ATV

9.10 am Chalkface. 9.35 Camera. 10.00 Clapperboard. 10.30 The ATV Saturday Morning Picture Show. 5.45 pm Return of the Saint. 11.20 Murphy's America.

BORDER

9.10 am Chalkface. 9.35 Camera. 10.00 The Flying Kiwi. 10.26 World Famous Fairy Tales. 10.35 Joe 90. 11.05 The Incredible Hulk. 12.00 Clapperboard. 11.20 pm Target Bowls.

CHANNEL

5.40 pm Puffin's Pla(i)ce. 11.20 The Sweeney.

GRAMPIAN

9.20 am Kum Kum Cartoon. 9.45 The Adventures of Parsley. 9.50 Sesame Street. 10.50 Here's Boomer. 11.10 240 Robert. 12.00 Clapperboard. 5.45 pm The Incredible Hulk. 11.20 Reflections. 11.25 The Monte Carlo Show.

GRANADA

9.15 am Helping Hand. 9.40 Camera. 10.05 Mystery Island. 10.15 The Daring Dobermans. 12.00 Clapperboard. 5.45 pm Return of the Saint. 9.20 The Big Film: Charles Bronson and Claudia Cardinale in "Once Upon A Time In The West." 12.10 am The Monte Carlo Show.

HTV

9.15 am Save It. 9.40 Helping Hand. 10.00 Clapperboard. †10.30 "Hell Drivers," starring Stanley Baker, Herbert Lom, Peggy Cummins and Patrick McGoohan. 12.28 pm HTV News. 5.44 HTV News. 5.45 Return of the Saint. 11.20 The Monte Carlo Show.

HTV Cymru/Wales—As HTV West except: 10.00-10.30 am Heavens Above. 5.05-5.35 pm Sion a Sian.

SCOTTISH

9.10 am Chalkface. 9.35 Camera. 10.00 Welcome Back Kotter. 10.25 Joe 90. 10.50 Larry the Lamb. 11.05 Chopper Squad. 12.00 Clapperboard. 5.45 pm Return of the Saint. 11.20 Late Call. 11.25 Doctors' Private Lives.

SOUTHERN

9.05 am Sesame Street. 10.05 The Extraordinary People Show. 12.00 The New Fred and Barney Show. 12.27 pm Regional Weather Forecast. 11.20 Southern News. 11.25 Paris.

TYNE TEES

9.00 am Grey Angels a Small Hope. 9.10 Chopper Squad. 10.00 Friends of My Friends. 10.25 Sealab 2020. 10.50 Cartoon Time. †11.00 Saturday Morning Movie: "Nothing But Trouble," starring Stan Laurel and Oliver Hardy. 9.20 "The Prisoner in the Middle," starring David Janssen. 11.00 Tenspeed and Brown Shoe. 12.00 The Line to Skye. 12.15 am Three's Company.

ULSTER

9.15 am Helping Hand. 9.40 Camera. 10.05 Story Hour. 11.05 240 Robert. 12.00 Clapperboard. 5.43 Ulster News. 9.19 Ulster Weather. 11.20 Sports Results. 11.25 Bedtime.

WESTWARD

9.30 am Look and See. 9.35 From the Earth to the Earth. 10.20 Gus Honeybun's Birthdays. 10.25 Clapperboard. 10.50 The Saturday Morning Picture Show: "Thunderbirds Six." 12.27 pm Westward News. 5.40 Westward News. 11.20 The Sweeney. 12.15 am Faith for Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Chalkface. 9.25 Spiderman. 9.40 240 Robert. 10.25 Clapperboard. 10.50 The Saturday Morning Picture Show: "Evil Roy Slade," starring Mickey Rooney and Dom DeLuise. 5.40 pm Return of the Saint. 11.20 The Monte Carlo Show, featuring Larry Adler. 12.20 am Superstar Profile.

RADIO 1

(s) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm 25 Years of Rock (s). 2.00 A King in New York (s). 2.05 Paul Gambaccini (s). 4.00 Walters' Weekly (s). 5.00 Rock On with Tommy Vance (s). 6.00-7.30 In Concert (s).

RADIO 2

5.00 am Tony Brandon with his Saturday Early Show (s), including 8.02 Racing Bulletin. 8.04 David Jacobs presents Star Sounds (s). 10.00 Pete Murray's Open House (s). 12.00 Two's Best (s). 1.00 pm The Impressionists. 1.30 Sport on 2: Wimbledon Championships; Racing from Newcastle: 2.55 Northumberland Plate Handicap; plus news of the Irish Derby, cycling, motor-cycling and cricket; 5.45 Classified Racing Results. 7.00 Three in a Row (s). 7.30 BBC International Festival of Light Music (s) from the Royal Festival Hall, London (part 1) Melodies for You (part 2) Music from the Movies, including 8.30-8.50 Interval. 10.00 Nordring Rendezvous (s). 11.02 Sports Desk. 11.10 Peter Marshall's Late Show (s). 2.00-5.00 am You and the Night and the Music (s).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (s). 9.00 News. 9.05 Record Review (s). 10.15 Stereo Release (s). 11.15 Bandstand (s). 11.45 Diversions (s). 1.00 pm News. 1.05 Songs of Chivalry (s). 2.00 Play it Again (s). 5.00 Jazz Record Requests (s). 5.45 Critics' Forum. 6.35 Jascha Heifetz (s). 7.10 "A Midsummer Night's Dream," opera in three acts by Benjamin Britten (s) (a direct relay of the new Glyndebourne Festival production) Acts 1 and 2. 8.55 Interval Reading. 9.05 "A Midsummer Night's Dream," Act 3. 10.05 I Stand Here Ironing (short story). 10.30 Schumann (s). 11.00 News. 11.05-11.15 Cry: Giles Swayne on record (s).

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 8.59 Continental Travel Information. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (s). 10.45 Pick of the Week (s). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Monday Box. 12.27 The News Quiz (s). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Thirty-minute Theatre (s). 3.00 International Assignment. 3.30 Poetry Please! (s). 3.40 Night Voices by Paul Chand (an episode in the life of composer, Rachmaninov). 4.10 Profile: Israeli politician, Shimon Peres. 4.30 Does he take Sugar? 5.00 Conversation Piece. 5.25 Week Ending (s). 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.15 Desert Island Discs (s). 6.55 Stop the Week. 7.35 Baker's Dozen (s). 8.30 Saturday-night Theatre (s). 9.58 Weather. 10.00 News. 10.15 Bestseller: "Don Quixote" by Cervantes, discussed by Edward Blishen. 11.00 Lighten Our Darkness. 11.15 With One Voice? (s). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.30 News. 7.32 Good Fishing. 8.00 News, weather, traffic, sport. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.00 News. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Breakthrough. 4.00-5.00 am Join Radio 2.

CHESS SOLUTIONS

Solution to Position No. 377

1 N-R2, Q-R4 (if Q-Q5; 2 B-K3 or 2 R-Q1 traps the queen); 2 BxN, BxB; 3 P-KB4 traps the knight and wins a piece.

Solution to Problem No. 377

1 K-B2, P-R6, 2 B-R2, P-R7; 3 P-N4, P-R8=Q; 4 B-N2 mate.

Arts Council Appointments

The Arts Council has appointed seven new members to its drama advisory panel and further appointments will be made. The seven are: Mike Alfreds, director and founder of Shared Experience; John Bowen, playwright; Anna Calder Marshall, actress; Tony Church, theatre director and actor; Pamela Howard, theatre designer; John Potts, chairman of York Citizens Theatre and a journalist; and Guy Slater, theatre director and BBC producer.

The panel continues to be under the chairmanship of John Russell Brown, professor of drama at Sussex University and a member of the scripts department at the National Theatre.

The drama advisory panel is responsible for advising the Council and officers on, in general, drama policy and, in particular, on the assessing of London and regional theatre-based companies and touring groups.

COLLECTING

Magician of Venice

BY JUNE FIELD

"It was the very evening on which Albertine had put on for the first time the indoor gown in blue and gold by FORTUNY . . . it swarmed with arabic ornaments . . . . of an intense blue which as my gaze extended over it, was changed into a malleable gold . . . ."

Marcel Proust: Remembrance of Things Past.

Mariano Fortuny y Madrazo was born in Granada of an illustrious family of Spanish painters. When he was three his father died, and his mother took him and his sister to Paris where her brother Raymundo was a celebrated portrait painter. Finally the Fortunys settled in Venice, where Mariano, already painter, etcher, sculptor and photographer, also became a lighting engineer, inventor, theatre director, set designer, architect and finally creator of exquisite fabrics and clothes.

Not a *couturier* in the accepted sense of the word, his varied training enabled him to adapt the line of his dresses to the natural shape of a woman's body. Variously termed the "Magician of Venice" and the "true Renaissance man," in 1907 he created the evocative *delphos*, a finely pleated silk satin garment based on the tunic of the bronze statue of the Delphic Charioteer.

The dresses were originally intended only to be worn at home, with nothing underneath. Gradually they were promoted to a "tea-gown" to receive guests informally, topped with a silk jacket, tunic, or a short velvet coat. As fashion became more liberated, they were worn at social and public functions. Today there are *delphos* around whose pleats are still as tight and crisp as when they were new. To keep the pleats in order, the dresses were rolled, and twisted tightly from both ends into a ball, which made them very *convenient for packing.* They never needed ironing.

Lady Diana Cooper in her memoirs *The Rainbow Comes and Goes*, tells how in 1907: "Princess Murat wore the first of these tanagra-esque garments, later sold by thousands (many to me over 20 years) made by Fortuny of Venice — timeless dresses of pure thin silk cut severely straight from shoulder to toe and kept wrung like a skein of wool. In every crude and subtle colour, they clung like mermaid's scales." Lilian Gish, Isadora Duncan, Natasha Rambova (actress wife of Rudolph Valentino), Eleonara Duse and Peggy Guggenheim were all followers of Fortuny.

As Guillermo de Osma observes in *Fortuny-Mariano Fortuny: His Life and Work* (£14.95, plus £1.50 postage if you cannot find it in the bookshops, from Raymonde Martin, Aurum Press, 11 Garrick Street, London WC2).

"It is still a mystery how the pleats of the Delphos were achieved, and although he patented the process in 1909, there remains much conjecture. The method needed a lot of manual work, since the folds are all different and irregular. They were probably put into the material when it was wet, perhaps still under water, with heat being applied later to ensure that they remained permanent. During the latter process it is possible that a piece of thread may have been passed through each group of *pleats in order to tighten them* for a time."

Delphos with a short tunic photographed by Cecil Beaton, in the Victoria and Albert Museum, featured in Fortuny-Mariano Fortuny: His Life And Work by Guillermo de Osma (Arum Press). Copyright Victoria and Albert Museum

Using vegetable-based colours, *he produced dyes in which he* submerged his cloth successively, layer upon layer, in order to produce those rich, mellow colours whose transparency resembled that of the *tempera* paints he used on his canvases. Sr de Osma thinks that Fortuny achieved the crinkled effects of his velvets by applying the pigments over a paste such as albumin, pressing the colours into the material with a roller.

Sr de Osma was the organiser of the recent major *exhibition* of Fortuny's work at the *Musée Historique des Tissus* in Lyon, France, which went to Brighton Museum at the end of last year. He has produced a remarkably beautiful and well-researched book. The excellently presented illustrations include fascinating contemporary interiors of the Palazzo Fortuny, plus a remarkable 1907 outdoor colour shot of Mrs Selma Schubert taken by her brother, photographer Alfred Stieglitz, of her wearing a *delphos* whose glowing orange hue is almost exactly the colour of the autumn leaves below.

Countess Elsie Lee Gozzi, successful American interior decorator, now in her eighties, first acted as Fortuny's agent in 1927, later designing for him and eventually taking over the factory at his French wife Henriette's request after Fortuny *died in 1949. The delphos* was made until 1952, and the Fortuny/Gozzi fabrics continued to be manufactured, the actual technique still a closely guarded secret.

Even in Lyon, which for years provided Fortuny with his velvets, technical experts were only able to report that he used a mixture of blocking, stencils and brush on the same length of fabric. Laboratory tests showed that the silver effects were quite simply achieved with aluminium, and the gold effects with bronze.

It is Countess Gozzi's superb collection of gowns, photographs and other *documentation which were the centrepieces of the re*cent exhibitions, and some Fortuny clothes will be shown in the new fashion gallery at Brighton Museum, planned to open in the autumn.

The exhibition sparked off further interest in the designer, with Sr de Osma observing: "Grandmothers, remembering the Fortuny dresses they abandoned in old trunks, brought them out again for the new *generation to wear.*"

Contemporary collectors of Fortuny include Tina Chow and Julie Christie; prices are on the increase in costume auctions — a 1920s stencilled silk velvet coat sold at Phillips in February for £620, and last year a *delphos* bought for 50p in a jumble sale *sold* at Christie's South Kensington for £800. The record was £1,700 which was beaten last week by a dress sold at *Christie's East, New York.*

Last month Christie's South Kensington sold an early Fortuny with lacing on the shoulder for around £280 so there are still hopes for the less well-heeled collector. On Tuesday, July 14, a beautiful medieval-styled stencilled amber velvet dress, pleated in silk at the side, and beaded into the Venetian manner, comes up for sale at Christie's South Kensington on *an estimate of £800.* The date it was made? "Probably about 1920, but it really does not matter," says associate director Susan Mayor, who looks after the costume and textile sales: "What is more important is that it is a work of art."

Graham the great

GOLF

BEN WRIGHT

WHAT A *difference a month* makes. Exactly a month before he became the first Australian to win the U.S. Open Championship at Merion in its 81-year history, David Graham plumbed the depths of despair.

On Friday evening, May 22, Graham, the defending champion, bowed out of the Memorial tournament at Muirfield Village Golf Club, Dublin, Ohio, after pain-wracked rounds of 81 and 75. This was a shattering blow to the 35-year-old Australian's pride because his close friend and business associate Jack Nicklaus is the architect of both that fine course and a splendid event which he unashamedly models along the lines of the Masters' tournament at Augusta.

Graham had been diagnosed by a local doctor as having damaged a ligament in the left hand side of his rib cage, so he readily agreed that evening to join the CBS television commentary team for the weekend. Imagine my dismay when, on arriving at the Nicklaus villa before lunch the following morning an ashen Graham pulled me aside and asked me to apologise for his absence to my executive producer because he had decided to fly home immediately to Dallas, Texas for a check-up.

Graham told me then: "I think I have suffered a heart attack. The pain is terrible," and dashed away to collect his wife Maureen, from whom he kept his fears secret until some time after they had been dispelled. Only Dick Taylor, the editor of the weekly American magazine Golf World, for whom Graham writes a regular column, and myself knew Graham's terrifying fears.

Fortunately the Australian's own doctor quickly recognised that his patient and friend was completely exhausted by 13 years of constant worldwide travel and the pressures of competition. He prescribed rest and a potassium-enriched diet. Graham took both until he felt much better, and then practised diligently before returning to the fray at Merion. The rest is history, and this weekend Graham has finally come back to earth in Toronto, where he is challenging Arnold Palmer *for the Canadian PGA title* before beginning his preparations for the Open Championship.

It is hard to envisage a more perfect performance than that achieved by this thin, wiry and very tough Australian. For marvellous Merion has never yielded a winning U.S. Open aggregate below par of 280, let alone the seven under par Graham recorded. Admitedly the rough was a little tougher and the greens a touch faster when Lee Trevino and Nicklaus tied for the 1971 championship *at level par, and the former won* the play-off by 68 strokes to 71. But that in no way detracts from the majesty of Graham's performance.

At no stage was Graham above par, and one could only watch in wonderment as he destroyed the overnight leader George *Burns on Sunday* with the calculated precision of a surgeon, missing only the first fairway — to the left by a yard or two, which did not prevent him making a vital birdie from 20 feet — and incredibly hitting all 18 greens in the regulation figures. I cannot remember such a feat in modern times.

It was an awesome display of both skill and character. But that is typical of a man who has had to fight for everything he has earned since he was bankrupted as a teenaged club professional, whose parents had turned him out of their home when he chose golf as a living.

Graham's birdies at the first two holes — he pitched stone dead at the par five second — *cut Burn's advantage from* three strokes to one, and put the big New Yorker under such pressure that he quickly contributed further to his own downfall by insulting Harry Easterly, the senior executive director of the USGA. Easterly had himself made an unfortunately audible remark to colleague Arthur Rice about Burns's miserable first putt at the third hole, which the big fellow overheard.

Burns immediately dropped his first stroke to par at the 600 yards fourth to lapse into a tie, only to have the advantage returned to *him when* Graham made his sole mistake of the round by taking three putts on the fifth green. Thereafter *Burns was always strug*gling to repair the damage caused by errant tee shots. But even his brilliant touch could not prevent him from dropping a stroke at the 312 yards 10th hole, the shortest par four on the course. Now Graham really turned the heat on him.

The Australian's second shot pulled up no more than 12 feet from the 12th, and his seven iron tee shot the same distance from the 13th hole, where his birdie putt lipped out. But Graham seemed to have scented victory now.

Although Burns saved his par at the 14th hole with a brave 15 feet putt after wayward tee and second shots, Graham made *no mistake, having struck a* great seven iron shot five feet from the hole. He was ahead for the first time, and like the splendid player he is holed a 15 feet putt with a big right to left break for another birdie three at the 15th, where Burns missed the fairway to the left for *the eighth time in the round.*

Now Graham had only to guard against a damaging error. He did so with a lovely five *iron shot across the quarry* 12 feet from the 16th hole, where Burns missed the green to the left to fall three shots behind. The fact that he chipped into the 17th hole from behind the green for a two was academic, since he also went through the last green, where he *hurriedly missed a tiny putt*, a costly error that cost him outright second place. The slim Texan Bill Rodgers, who had been *in the hunt all the way*, had made a glorious birdie at the 18th with a three wood shot four feet from the hole for a two strokes swing with poor Burns.

But Graham's two rock-solid pars earned him the happiest moment in a not always happy life and a distinctly underrated career. Make no mistake—Graham is a great golfer. And for me Merion—at 6,544 yards—is the greatest inland course *in the world.*

RACING

DOMINIC WIGAN

DEFEAT for Shergar at the Curragh today seems as remote a possibility as it did for Sir Ivor back in 1968. However, anyone contemplating a bet on the English Derby winner supplementing his Epsom victory by a wide margin would do well to resist the temptation.

Not only does Lester Piggott rarely exhaust more energy than *necessary in winning races* —particularly classic ones—but it is probable that neither the colt's owner, the Aga Khan, nor his trainer, Michael Stoute has the slightest wish to see Shergar having any more an exacting a time than is strictly necessary, now that the Epsom Derby is past.

For the colt still has a long season ahead of him with first, the King George VI and Queen Elizabeth Diamond Stakes and then the "Arc" as his principal targets.

Piggott, bidding for his 15th Irish classic victory and his most predictable since he notched a 100-6 win on Ribero in Sir Ivor's year, may well ease Shergar into the lead only close *home to win, perhaps, by no* more than a length.

It is difficult to know which one forecast backers, or those betting without the market leader, should go for. Kirtling, the second favourite, was slaughtered by Shergar in Sandown's Guardian Newspaper classic trial; while the third Newmarket challenger, Baz Bombati, has done nothing in eight races to suggest that he *is within a dozen lengths of* Shergar.

The only other English raider, Cut Above, will, I suspect, come out best of the 11 colts principally bidding for place money.

Cut Above, the mount of Willie Carson, who, as yet, feels that Shergar has not proved himself more than a "quality colt," returns to the fray for the first time since beating a poor opponent in Ascot's White Rose Stakes. If, as reports suggest, he is ready to produce the form the West Ilsley camp believes him capable of, he should secure the second prize ahead of the French-trained Gap of Dunloe.

The leading Irish layer, Sean *Graham, offers punters a full* list of prices betting without the favourite in which Cut Above represents tremendous value at 7-1.

Other prices read: 5-2 Kirtling, 5-1 Gap of Dunloe and Young Kildare, 9-1 Ore and 10-1 Dance Bid and Wolver Heights. Turning to the north of England, Dawn Johnny is probably the one they have to beat in the Northumberland Plate.

SELECTIONS

NEWCASTLE

1.45—Bancario
2.15—Jester's Boy
2.55—Dawn Johnny***
3.30—Jump Jar
4.30—Gifford

NEWMARKET

1.30—Sing Softly
2.00—Countess Olivia**
3.30—Noalto

CHEPSTOW

2.15—African Berry*

BRIDGE

E. P. C. COTTER

THE BEGINNER is told that he must prevent the declarer from ruffing losers in dummy. Good advice—but there are times when dummy must be forced to ruff. We start with a fairly simple example from a rubber:

	N ♠ Q 9 3 ♡ 7 5 ◇ 8 6 2 ♣ A K J 6 5	
W ♠ 8 6 5 ♡ 9 8 3 ◇ A 9 5 4 ♣ 10 9 7		E ♠ 7 2 ♡ A K Q J 10 ◇ J 10 3 ♣ Q 8 2
	S ♠ A K J 10 4 ♡ 6 4 2 ◇ K Q 7 ♣ 4 3	

South dealt at game to North-South and bid one spade, to which North replied with two clubs. East came in with two hearts—a risky bid, but he had 150 honours—South rebid two spades, and North raised to four spades.

West led the heart nine, East cashed two tricks in the suit, and switched to the diamond Knave. The declarer's King lost to the Ace and West returned his four of diamonds to the ten and Queen. South now cashed Ace and King of trumps, crossed to dummy with a club, cashed Ace and King, and ruffed a low club, establishing the rest of the suit. Then he *crossed to dummy's* Queen of spades, drawing the one outstanding trump, and ran the two clubs for his contract.

East should have thought things out more deeply. South must have five trump tricks, and one club ruff will give him four tricks in the suit with the trump Queen as entry to enjoy them. East should have led another heart at trick three—he knows from his partner's lead of the nine that declarer was dealt at least three hearts. This forces South to ruff on the table, and means that the Spade Queen, though still serving as an entry to the table, will not at the same time draw West's last trump, and the clubs will be frozen assets. East must also assume that South's diamonds are not better than King, Queen. If he has the Ace, the contract cannot be beaten, for South will ruff the heart on the table, draw trumps, and finesse the Knave of clubs. The Queen will be the last trick for the defence.

My second hand from team play is more complicated:

	N ♠ J 9 6 2 ♡ K Q ◇ 7 6 ♣ A Q J 8 6	
W ♠ A 7 5 3 ♡ J 7 ◇ A K Q 10 2 ♣ 7 3		E ♠ 4 ♡ 10 8 6 4 3 2 ◇ 9 8 5 3 ♣ 9 4
	S ♠ K Q 10 8 ♡ A 9 5 ◇ J 4 ♣ K 10 5 2	

North dealt at game to North-South and bid one club, South replied with one spade, and West competed with two diamonds. North raised to two spades, South said three clubs, and North went to four spades.

West cashed two top diamonds, East petering to show *four cards* in the suit. West was bound to make his Ace of trumps, but where was a fourth trick to be found? He saw one chance—if South had only a four-card trump suit, he might find his trumps unable to withstand forcing tactics.

At trick three West led another diamond, although he knew he would be conceding a ruff discard. Declarer ruffed with dummy's two, and returned the spade Knave. This was allowed to win, as was the nine which came next. When East showed out, South could see the writing on the wall, but he had to lead another round of trumps. This time West won, led another diamond, forcing the *declarer's last trump*, and the contract was defeated.

This hand shows the power of four trumps to the Ace in such cases. Give West the spade King, and South the Ace, and now the forcing tactics will not prevail.

CHESS

LEONARD BARDEN

Published chess games are normally short and contain some clever tactical coup by the winner. As such they are decidedly unrepresentative of the bulk of modern tournament play where the average game length approaches *40* moves. At the highest levels of the super-GM events there are many quick draws while the typical win is *a long grind.*

When one of the world top 20 loses rapidly it usually means some basic misjudgment. *Outright tactical error* such as leaving a piece *en prise* is rare among players at this level; it is much more plausible for the super-GM to come up with a bad idea. Korchnoi and Larsen, for example, are confirmed creative experimenters, and inevitably there are occasions when their plan walks on a tactical tightrope and falls off.

This week's games are from the recent USSR team *championship, and in each the* loser is one of the world's leading young players. Indeed, if Kasparov did not exist, Romanishin and Belyavsky would probably be groomed by USSR chess organisers as potential successors to Karpov as world champion.

Why are they beaten so heavily? Romanishin wins frequently, but drops too many points, a trait which narrowly prevented him qualifying for *the world candidates matches.* Belyavsky, reigning USSR champion, is a fiercely ambitious player who has some massive tournament scores against slightly lesser lights but who has so far failed in the world championship preliminaries.

The manner and style of both games suggests that the losers tried too hard, and broke an old rule of thumb; unorthodox, time-wasting play risks the initiative for White, but risks defeat for Black.

White: A Kochiev. Black: O. Romanishin.

Reti Opening (USSR teams 1981).

1 N-KB3, P-K3; 2 P-B4, P-QN3; 3 P-KN3, B-N2; 4 B-N2, P-QB4; 5 0-0, B-K2; 6 N-B3, B-KB3 (normal is N-KB3); 7 P-Q4, N-K2; 8 P-K4, PxP; 9 NxP, QN-B3; 10 N (Q4)-N5, N-B1; 11 P-B4!

Black's artificial defence (knight at QB1!) was based on meeting 11 B-B4 by N-K4, but White's energetic reply pinpoints Black's poor development.

11 . . . P-QR3; 12 P-K5, B-K2; 13 N-Q6 ch, NxN; 14 PxN, B-B3; 15 B-K3, BxN.

A drastic solution, but otherwise White has the powerful 16 N-K4.

16 PxB, R-QN1; 17 R-N1, B-R1; 18 P-KB5! (the classical answer to poor development, opening up lines for attack), PxP; 19 RxBP, 0-0; 20 Q-N4, K-R1; 21 R-KN5, Q-K1; 22 B-B4, P-N3; 23 BxN, P-B4.

Trying to avoid 23 . . . BxB; 24 R-K5 and 25 R-K7, Black falls for an elegant combination.

24 BxB! PxQ; 25 B-K5 ch, QxB (or K-N1; 26 B-Q5 ch, R-B2; 27 R-KB1 and wins); 26 RxQ, RxB; 27 R-K7, QR-B1; 28 RxQP, RxP; 29 R-K7, K-N1; 30 P-Q7, Resigns.

The passed pawn costs a rook.

White: V. Kupreychik. Black: A. Belyavsky.

Ruy Lopez (USSR teams 1981).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, N-B3; 5 0-0, B-K2; 6 R-K1, P-QN4; 7 B-N3, P-Q3; 8 P-B3, 0-0; 9 P-Q3, N-QR4; 10 B-B2, P-B4; 11 QN-Q2, P-R3.

The first artificial approach; Black chooses a "non-plan" of waiting events. The simplest answer to White's slow ninth (in place of the usual advance P-Q4) is to control the dark squares via N-Q2 and B-KB3.

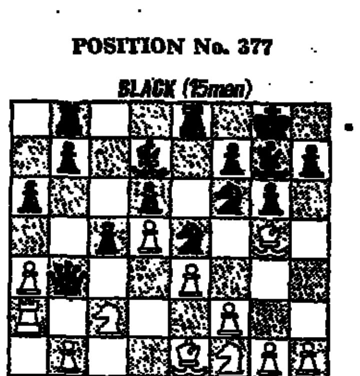
12 N-B1, B-K3; 13 N-N3, R-K1; 14 P-Q4, BPxP; 15 PxP, Q-B2; 16 P-N3, B-N5; 17 P-Q5, N-N2; 18 B-K3, QR-B1; 19 R-B1, *Q-R4; 20 P-QR4!*

A typical white manoeuvre in Ruy Lopez master play. Every amateur knows the strength of the *KB5 square for a white* knight in this opening, but a QB4 outpost or a QR5/QN4 pawn bind also have high value.

20 . . . N-B4; 21 B-Q2, P-N5; 22 P-R3, B-Q2; 23 B-K3, Q-N3; 24 N-Q2! P-QR4; 25 B-Q3, N-R2; 26 R-B2, N-B1; 27 B-K2, B-N4; 28 B-N4! (confirming his light square control), B(N4)xB; 29 RxB, P-N3; 30 P-R4, P-R4? (positionally outplayed, Black underestimates the threat to his king); 31 BxP! PxB; 32 QxP Q-Q1; 33 Q-R6! Resigns. If P-B3; 34 N-R5, R-K2; 35 R-N3 ch decides.

POSITION No. 377

BLACK (15men)

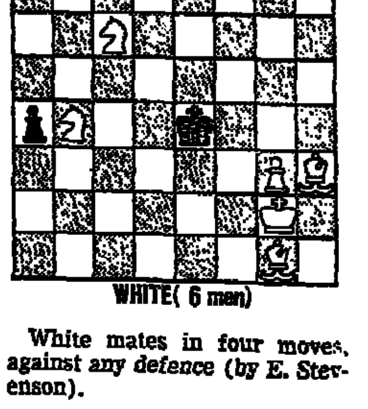


WHITE (15men)

R. D. Keene (England) v. Y. Grynfeld (Israel), New York 1981. Ray Keene was fifth among 14 masters in a tournament organised in memory of Edward Lasker who died earlier this year at age 95. Keene (White, to play) also beat the tournament winner from this diagram. The game is hardly out of the opening but Keene's next few moves secured a decisive material advantage. How did he prove a win?

PROBLEM No. 377

BLACK (2 men)



WHITE (6 men)

White mates in four moves, against any defence (by E. Stevenson).

Solutions Page 12

ENTERTAINMENT GUIDE

THEATRES

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

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ART GALLERIES

BLOND FINE ART, 33, Sackville St., W1. 437 1230. MARGARET FISHER PROUT.

MALL GALLERIES, The Mall, SW1. HESKETH HUBBARD ART SOCIETY Annual Exhbn. Until 29 June. 10-5 daily. Adm. 20p.

DOUWES FINE ART, 38, Duke Street, St. James's, SW1. 839 5795. Jean-Luc Baroni showing Italian Old Master Drawings. Mon.-Fri. 10-5.30, Sat. 10-1 pm. Until July 11th.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. LA BELLE EPOQUE—Etchings and Dry Points. Until 24 July.

MALCOLM INNES. Exhibition of Sporting, Landscape and Natural History Pictures at Slim Jims, 85, London Wall. Tues. June 30-Friday July 3. 12 noon-3 pm. Malcolm Innes Gallery, 172, Walton Street, SW3. 01-584 0575.

MATTHIESEN FINE ART, 7-8, Mason's Yard, Duke St., St. James's, SW1. 930 2437. ITALIAN BAROQUE PAINTINGS — Some recent acquisitions. Until 1 August. Mon.-Fri. 10-6.

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. LIFE AND LANDSCAPE IN BRITAIN, 1670-1770. Until 31 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX & XX CENTURY WORKS OF ART. Mon.-Fri. 10-5, Sat. 10-1.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 01-235 0010. Exhibition —The Horse in Art of Arabia.

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. LESLIE HURRY, Artist of Dream and Theatre.

COLNAGHI, 14, Old Bond Street, W1. 01-491 7408. Exhibition: OBJECTS FOR A "WUNDERKAMMER." Mon.-Fri. 10-5.30.

COLNAGHI ORIENTAL, 14, Old Bond St., London, W1. 01-491 7408. GODS, GARDENS AND ELEPHANTS. Until 17 July. Mon.-Fri. 10-5.30.

DAVID CARRITT LTD. & RICHARD NATHANSON, 15, Duke Street, St. James's, SW1. ALFRED SISLEY. Until 11 July. Mon.-Sat. 10-5. 01-930 8733.

WILDENSTEIN: Consulat — Empire — Restoration. Art in early XIX Century France. From 17th June through July. Weekdays 10-5.30, Saturdays 10-12.30. 147, New Bond Street, London, W1.

MALL GALLERIES, The Mall, SW1. Royal Society of British Artists 264th Exhibition. Daily, inc. Suns., 10-5. Until 30 June. Adm. 50p.

MARLBOROUGH, 6, Albemarle St., W1. OSKAR KOKOSCHKA (1886-1980) Memorial Exhibition until 31 July. Mon.-Fri. 10-5.30, Sat. 10-12.30.

RICHARD GREEN, 44, Dover Street, London, W1. 01-491 3277. EDWARD SEAGO (1910-1974) Oil Paintings and Watercolours. Daily 10.00-6.00, Sats. 10.00-12.30.

RICHARD GREEN GALLERY, 4, New Bond Street, W1. 01-499 5487. EXHIBITION OF THE ANIMALS OF NORTH AMERICA BY JOHN JAMES AUDUBON. Daily 10.00-6.00. Sats. 10.00-12.30.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Saturday June 27 1981

Money versus real incomes

AT A TUC conference a few years ago a delegate came to the platform with a simple solution to the problem of low pay. The Government should enact that nobody would get less than the average. This proposal was quickly forgotten, but the logical trap it contains lives on in other forms. Thinking of pay in terms of averages leads to apparently simple answers that don't work.

The present Government came to office with the view that pay was no concern of ministers, and should be left to market forces. So did Sir Harold Wilson in his time (only he called it "free collective bargaining"), and Mr Heath, and Mr Macmillan, of the guiding light, and many others; and we have now reached the stage in the life of Mrs Thatcher's administration when Ministers decide that pay is after all a political issue. The Chancellor, the Bank of England, a whole parade of junior ministers, and in the end, we may be sure, all the Queen's horses and all the Queen's men are praising the virtues of restraint.

Inflation

It is easy enough to understand why this happens so regularly. The British system drives all Governments, sooner or later, to policies to restrain inflation. Whether these are concerned in the first place with pay, as under Mr Callaghan, or with monetary restraint, as under Mrs Thatcher, they tend to have a limited life. The pressure on real incomes or on profit margins becomes politically unsustainable, and ministers turn to dreams of a more sensible world.

If only people understood that money increases without increases in real output can buy nothing but inflation, and that output would grow faster under more stable circumstances, a deeply worrying problem would melt away.

The logic of such arguments, put forward again with studied moderation by the Chancellor yesterday, is always faultless; but it rests on a basic misunderstanding. The problem is not that people do not understand the folly of inflationary settlements; they understand it very well. Survey after survey has shown huge popular majorities in favour of pay restraint. The problem is rather that people feel compelled to behave in a way which they know to be foolish. The logic which persuades them to do so is stronger even than the logic of the Chancellor's explanation of national cash limits, within which higher money increases leave less room for real growth.

What the politicians overlook is the basic problem of politics in all times: the interest of individuals is not the same as the good of society as a whole. Everyone may agree with the Chancellor that, for the common good, the average of pay settlements should be as low as possible; but everyone striking an individual bargain wants to be at least in line with the average. As with the trade union proposal for low pay, the result pushes up the average.

The Chancellor is certainly intelligent enough to understand all this; why, then, does he feel compelled to preach sermons? The fear which haunts ministers is that since the better balance between fiscal and monetary policy has relieved the acutest pressure on profit margins, as was intended, wage pressure will soon rise again.

Militants

The fear is understandable, but it is still legitimate to ask whether making speeches will do anything to reduce the dangers. Ministers no doubt hope to have some effect on general expectations about the going rate, and so lower the expected average which bargainers try to exceed. We doubt that such an effect could be measurable; and there is a counter-danger of inspiring militants to inflate their claims out of hostility to the Government. The experiences of Mr Callaghan and Mr Healey in trying to talk down the going rate are not encouraging.

There is of course a possibility that things are going better than some fear. The current recession has been so sharp and so frightening that employers may have learned that their survival depends on controlling labour costs, in fair conditions as well as foul. The experience of lay-offs and closures may have convinced many bargainers that their interest lies first in working for a prosperous enterprise.

In the public sector, cash limits are still quite effective, despite the abject surrender to the miners. A system which drives Mr Ken Livingstone, the Left-wing leader of the Greater London Council, into a collision over rail pay is clearly a system which produces some results.

Outcome

If the Chancellor is a secret optimist, he may hope to share the credit for such a success by preaching it; but any reward seems unlikely to equal the risk of being seen, like his predecessors, to have preached without effect. If the next wage round does produce a moderate outcome, it will be the result of ministers' policies, not their speeches. They would best show confidence in their policies by keeping rather quiet about pay bargains outside their jurisdiction.

POLITICS TODAY

Fings ain't wot they used t'be

By Malcolm Rutherford, Political Editor

Nobody knows what kind of party system we have.

THIS was the week when people started asking who will win the general election, largely on the assumption that the Tories will lose.

To put it another way, which party will be the first to admit that we are likely to have to live with 2.5-3 million unemployed? Will one party successfully exploit the figures for electoral purposes? Will another put forward a remedy? Or can the Tories acknowledge the reality, and survive?

In the old days of the two to two and a half party system, the answer would have been easy. The Government's economic record looks on the surface so bad that there would have been a massive swing to Labour. In fact, the latest Gallup poll, published in the Daily Telegraph last week, suggests that the Labour lead was only eight percentage points: not nearly enough for the party to count on victory in an election two years away.

Nowadays it is quite different. Nobody knows any more what kind of a party system we have: two, three, four, or perhaps even more.

Take Warrington for a start, where there will be a test of public opinion in the by-election on July 16. The most important thing to be said about it is that it is a very odd constituency. The fact that the Labour candidate had a majority last time of over 10,000 is misleading. The electorate was only 43,912, about 50 per cent less than the putative norm. In real terms, as the economists say, that means that the majority is much closer to 15,000, a far more formidable barrier.

These are early days in a campaign that will be media-covered to the point of saturation, but it seems to me that it would be unwise to put too much money on Mr Roy Jenkins, the candidate for the Social Democrats. Given an unpopular Tory Government, some 15,000 votes are an awful lot for a new party to turn round in what is after all solid Labour territory.

Equally, however, if Mr Jenkins loses, the Social Democrats should not be written off. All that he has to do is to put up a good show and demonstrate that the new party is developing an organisation. Its future fortunes will depend on what happens to the Labour and Tory parties, though it cannot in parenthesis be said that Mrs Shirley Williams—the man who never was—is enhancing her reputation for decisiveness.

Or take the Labour Party. Do not believe the newspaper reports about the state of demoralisation: it is much worse. The state of the Parliamentary party is one of utter wretchedness.

Mr Michael Foot has perceived that Mr Tony Benn's challenge for the deputy leadership is really aimed at him. But there is more to it than that. So is Mr Denis Healey's effort to keep the office he now holds. Mr Healey does not want to be deputy leader to Mr Foot; he wants to be in a position to take over when Mr Foot withdraws from a fray that he should never have been in. The battle for the deputy leadership is really the battle for the leadership.

All eyes are now on the party conference in the autumn when the contest takes place. But it will not necessarily be decisive. If Mr Benn wins, he will go on to challenge Mr Foot—not perhaps directly, but by insisting that the leader sticks to what he—Mr Benn—regards as conference decisions. If he loses, it will be open to him to begin the campaign for the deputy leadership election next year almost at once.

Imagine the position of (say) Mr Peter Shore or Mr Roy Hattersley, people who have had their sights on the leadership themselves but who are outside the present competition. They have decided not to join the Social Democrats. They still believe in the Labour Party. They observe the state of the economy and note that if British politics had been what it used to be, Labour would appear to be all but home and dry at the next election.

Not least—even Mr Foot did this in his interview on *Panorama* this week—they see M Francois Mitterrand's socialist victory in France, and lament that hardly anyone is even talking about it as a favourable augury for Labour in Britain. That is what I mean by the state of utter wretchedness.

So we come to the Tories, starting at the shallow end. There is no great threat from Mr Peter Walker. His speech in New York on Monday, in which he denounced Government policy in code, was received as something of a joke. If he had to cross the Atlantic to do it, it does not say much for the way he stands up in Cabinet.

His own view is that he is rather a good Minister of Agriculture, much loved by the farming population. Mrs Thatcher could not therefore easily dismiss him. A more serious view is that the beginning of the British presidency of the European Community and the start of the attempted reform of the common agricultural policy is not the best time to make wholesale changes at the MAFF. If the deed is to be done, it had better be done quickly.

Or take the Labour Party. Do not believe the newspaper reports about the state of demoralisation: it is much worse. The state of the Parliamentary party is one of utter wretchedness.

The same European considerations apply, incidentally, to another Cabinet critic of the Government's economic policy, Sir Ian Gilmour at the Foreign Office. Sir Ian's wisdom on the Middle East would be much missed at a time when it would be most needed.

Anyway, the point is that Mr Walker's New York address did not make much impact. Mr Norman St John-Stevas's contribution to the employment debate on Wednesday was of a different order. For one thing, it was in the House of Commons. For another, it was not in code, or at least not very much of it. Above all, he struck the chord which is now of concern to all Tories, front and back bench alike: the number out of work and the prospect that it may rise above three million.

The situation was now so grave, he said, that the reduction of unemployment must be given a higher priority. Otherwise, the Tory Party risked again being stained with its reputation of the 1930s. If ever there was a frontal attack on the Treasury, that was it.

And Mr St. John-Stevas is right: even Treasury Ministers admit it. It is not just the jobless in the North East or the North West, or the old industries in general. It is also in the Tory constituencies. Every Tory MP's equivalent of Great Aunt Maud has begun to complain about it. Her niece can't get a job, her husband is out of work: executive unemployment is just as painful for those involved as unemployment for the non-skilled worker or teenager.

Even in the City you can hear suggestions that if things go on like this, the Tories will be decimated in the next election, just as they were in 1945. Tory policies in short, coupled with the recession, are seen as beginning to hit their own people.

The question is what to do about it. There can be no dramatic U-turn. For a start, no-one would believe it. Again, Mrs Thatcher and others remember the U-turn under Mr Heath, and the lost election of February, 1974. Even if all that could be forgotten, it is unlikely that a decision to reflate now would pay electoral dividends in a couple of years' time.

So it comes down to accepting reality, and living with it. Treasury Ministers believe that they have just won one battle, albeit a negative one. They have turned back the fashionable argument that pouring investment into the nationalised industries could, or should, be the engine of economic recovery. In this context, Mr Norman Fowler, the Transport Secretary, is regarded as something of a hero for refusing to go the whole hog on the electrification of the railways.

Other hopes of a silver lining lie in a further reduction in the level of wage settlements (see Sir Geoffrey Howe's speech in Birmingham yesterday), the way the Government has so far successfully defied the civil service strike, and possible further tax cuts.

On this last matter the Chancellor still has some leeway, though it is probable that the cuts will be in favour of the corporate sector: for example, the national insurance contribution surcharge. Sir Geoffrey does not quite deny that he held out the promise of a 25p standard rate of income tax: he said it clearly enough in his first Budget speech. It is just that the timing has changed. It will not be during the life of this Government.

The Treasury team, however, is still wary of the volatilities: the oil price and the exchange rate. It would like to stake all—it is all it has to stake—on the reduction of inflation, coupled with a greater stress on what is being done to relieve unemployment by such measures as the Youth Opportunities Programme. But it cannot count on bringing it off.

What it reverts to is the hope of a change in attitudes. Sometimes it is justified. Who would have predicted that the management and staff of the National Freight Company would volunteer to buy themselves out of state ownership and be able to secure trades union acquiescence? Who would have predicted either, a few months ago, that the Press in general would have turned on Mr Foot for failing to deliver himself of a sensible policy alternative in the employment debate? My own view is that the Tories still have everything to play for. But so has everyone else.

The other major qualification is that the Government is in danger of becoming obsessed by the economy. The depressing economic situation exists and has to be lived with and explained. But it is not quite the be-all and end-all.

Mrs Thatcher's Government caught the imagination at the start by doing things. The Rhodesia settlement was the outstanding example, even if the Government was lucky in that the circumstances happened to be ripe.

There are other possibilities now. Ireland is a case in point. So is Europe and the possibility of finally negotiating an agreement that will allow Britain to come to terms with membership of the Community once and for all. At home, there is room for a restatement of energy policy and perhaps for a new approach to rates and the idea of a local income tax.

Even on defence—the remaining subject of a somewhat hectic week—Mr John Nott has produced only a partial answer. He has cut some equipment programmes while promoting some others. There is no known financial framework. We are left with the assumption that defence spending may well rise as a percentage of gross domestic product. How far is the Treasury aware of this, or are there troubles yet to come?

Mr Nott's statement indeed could be read as an indictment of his predecessor, Mr Francis Pym: "We have a defence programme which is unbalanced and over-extended . . . We cannot go on like this." But I suspect that we shall. Mr Nott still reminds me of one of those shares—often in the defence sector—that go on rising, only to fall later.

The mid-term report on the Government is that it could do better. If it does not, others will.

Letters to the Editor

Name to register

From Miss Elizabeth Stanton

Sir,—A Standing Committee of the House of Commons will soon be studying the Government's proposals to abolish the Registry of Business Names.

The Register is the central source for the crucial information about who is responsible for a firm and where he lives: "crucial" for other traders—to establish credit worthiness for instance—for enforcement agencies like Trading Standards Officers and for shoppers if something goes wrong. It is used by thousands of people each year.

The Department of Trade says that the Registry is run by civil servants and they must cut jobs; it costs public money; and it is not very effective because some people don't register.

However, the number of jobs involved is not very many, certainly under 100. We think this could be reduced if the Register were put on a computer. The other jobs they have been told to cut should be shed by careful winnowing throughout the Department rather than just cutting out one of the Government's responsibilities.

Everyone involved agrees that the Registry should be self-financing. At the moment registration costs only £1 and a search is 25p. These sums could be raised substantially and still be quite fair.

From careful researches we believe that the Registry is already very useful. If a firm is not registered that is powerful information in itself, for it means that a firm should not be able to sue anyone else for money. Also everyone who wants to supply credit to the public must give their Registration Number to the Office of Fair Trading when they apply for a licence. That requirement could easily be extended to VAT forms.

The Government's alternative proposals for the information to be on stationery and at the place of business would be impossible to enforce. The requirements would be of no use in transactions with no paper work or where the firm goes out of business. They would certainly be more expensive for traders.

The point is that if the Register goes, good traders would be put at a greater disadvantage to those who are merely inefficient or frankly fraudulent, consumers would be rendered more vulnerable and enforcement agencies impotent. We, and very many other organisations trust it is not too late for the Government to reconsider this and to agree to improve the Registry rather than just abolish it. They rightly believe in fair competition but this proposal in fact hurts just the people the Government wants to help.

Elizabeth Stanton,
Secretary,
Legislation Committee,
National Federation of Consumer Groups.
70-76 Alcester Road South, Birmingham.

Blurred vision

From Mr J. D. Sutherland

Sir,—In Hull this week, hundreds of drivers have had their windscreens shattered by loose stones and grit, carelessly applied during road surfacing operations.

In the U.S., and most European countries, this could not happen, because they made laminated windscreens mandatory years ago. It is high time we did the same.

J. D. Sutherland.
41, Westella Way, Kirkella, Hull.

Turning it down

From Mr G. A. W. Starling

Sir,—Despite the efforts of the Department of Energy with their "Save It" campaign very few of us switch off the unwanted lights in either the home or our work places, so the article (June 19) was timely.

Present systems of lighting control both manual and automatic are both bulky and inflexible offering great scope for the application of microprocessors and no doubt the lighting manufacturers will soon be able to offer luminaires with addressable microprocessors incorporated.

I should, however, liked to have seen a mention made of the work done by both London Electricity and the GEC in pioneering the system of utilising power transmission cabling to transmit operating commands. Such a system has already been initiated by the Corporation of London who are to be complimented in pursuing such a system with such good results for their public lighting control.

G. A. W. Starling.
Hillside, Yew Tree Bottom Road, Epsom Downs, Surrey.

Mandate to spend

From the Director, The Chartered Institute of Public Finance and Accountancy

Sir,—Can we afford control of local authority expenditure by referendum (your article June 22)? If the referendum supported additional expenditure that would be a clear mandate to spend—and in total the public expenditure forecasts would be exceeded. Or would the referendum result be overridden by the central government — either directly or indirectly, in which event there is no point in the exercise?

But the priority of proposals for changing the local government financial structure are intriguing. Freedom to spend maybe, if a referendum permits, but a withdrawal of freedom in a relatively minor area — the right to choose an auditor (your survey article 18th June). Curious!

N. P. Hepworth,
1, Buckingham Gate, SW1

Best of British

From Mr Nicholas A. Mendes.

Sir, — With the national economy bouncing along the bottom of the current depression it needs only the slightest of concerted efforts to get it moving forward once again. Now is the time to bury the passive "Buy British" campaigns of past recessions and start to attack both domestic and international markets with a positive "Sell British" campaign—perhaps under the slogan "The Best of British"?

This could be a campaign in which all sectors of wealth-creating industry and commerce could join: manufacturers, distributors and retailers and every single person employed in them. The CBI and the Institute of Directors could participate by offering awards to the company and individual director making the most significant contribution to selling British. Even the trade unions could join in.

As a nation we have no God-given right to any market, including our own. We must get out and sell the products we make, to create the wealth we need to get our economy on the move. It will not be a case of The Best of British Luck which will once again place the Great before Britain—but The Best of British Salesmanship.

Nicholas A. Mendes,
Nicholas Mendes and Associates,
Midland House, New Road, Halesowen.

Anchors aweigh

From Mr Daniel P. Solon

Sir,—In his otherwise incisive review of David Irving's "The War Between the Generals" (June 20), James French appears to have made at least one error in correcting a mistake by the author.

It is certainly true, as French says, that no battleship of as much as 900 ft in length has ever been built. U.S.S. Iowa and her three sister ships, however, measure 887 ft overall (860 ft at the waterline). They entered service from 1943, and all four are still afloat in reserve.

It is possible that Mr French may inadvertently have picked up at a glance the dimensions of U.S.S. Idaho, one of three sister ships commissioned in 1917-19 and still in service throughout World War II. These vessels indeed measured 624 ft overall and 600 ft at the waterline. (All of the above data are from "Jane's Fighting Ships," corroborated by the unofficial but authoritative "Ships and Aircraft of the U.S. Fleet.")

Daniel P. Solon,
Vice-President,
Corporate Affairs.
Gotaas-Larsen, Southside, 105 Victoria Street, SW1.

No smoking

From the Director, ASH action on smoking and health

Sir,—I was astonished to see (June 12) that sponsors and promotors of the Institute of Occupational Health include, respectively, Imperial Tobacco and Lord Hunter of Newington. The former makes and promotes cigarettes, which are not only the biggest preventable cause of disease and death in this country, but by far the biggest; and as for working days lost to industry from smoking-induced disease, the Royal College of Physicians' estimate is 50m per annum — 14 per cent of the 358m shown in the advertisement for the new Institute of Occupational Health.

The latter, Lord Hunter of Newington, was Chairman of the Independent Scientific Committee on Smoking and Health, whose lack of any sense of urgency to reduce smoking and its associated epidemic of diseases was a bitter disappointment to the medical profession. The recent news that he has joined Imperial Tobacco, rather than the public scandal that it should be, is frankly almost a relief.

The new Institute, whose creation is obviously to be welcomed, will find that the acceptance of financial aid from the tobacco industry will not only compromise its activities but will also mean that anything it publishes on diseases such as bronchitis, heart disease, silicosis and lung cancer will be likely to be biased and, equally important, will be viewed with great suspicion within the medical profession. This is particularly unfortunate because many of the common occupational diseases have a much higher incidence in smokers than in non-smokers. Those who smoke and handle certain types of asbestos, to give just one example, have a risk of lung cancer up to eight times that of non-smokers who do the same job.

The single measure which industry could take to most improve the health of workers would be to reduce the incidence of smoking at the workplace.

David Simpson.
27/35 Mortimer Street, W1.

Men only

From Mrs E. I. Must.

Sir,—You have admirably disproved the implication that any matters worthy of print must naturally concern men given by your column heading "Men and Matters": in today's column (June 23) you give details of Lady Mary Donaldson and her election as Sheriff of the City of London. I wonder whether you wish to continue to mislead your readers.

E. I. Must.
11 Parklands Close, Chandlers Ford, Eastleigh, Hants.

Too much energy

From Mr D. G. Harris.

Sir,—It is hardly surprising that business confidence is depressed when your energy correspondent can write (June 23)—presumably seriously—that "Britian is about to face an energy problem unique in the developed world—a considerable surplus . . ."

Does he, do not you, consider this a magnificent opportunity which gives us a huge advantage over the rest of the developed world? Does he, do not you, consider that we could at the very least sell our surplus and invest the profit to developing new sources of energy in the future? Does he, do not you, ever consider that some news might be good or must you always seek to peddle gloom and misery?

D. G. Harris.
4 Purcells Avenue, Edgware, Middlesex.

هكذا من الأصل

Ian Rodger interviews the chairman of ACC, undaunted by film losses of £26m

Titanic losses fail to sink Lew Grade

"I'M VERY bullish," the great impresario announced in his Mayfair office cluttered with autographed pictures, Muppets and other memorabilia of a show-business career that stretches back to the 1920s when he was world Charleston champion.

Lord (Lew) Grade, 74, had just revealed that his Associated Communications Corporation entertainment conglomerate lost £26.4m on films last year and was passing its final dividend. The shares had fallen 10p (17.5 per cent) on the Stock Exchange the same day.

"Years ago," Lord Grade recalled, "a friend of mine, Robert Sarnoff (former chairman of RCA Corporation), had lunch with me at the Ambassador. He says 'Lew, you know what I'm going to do this year, I'm going to write off $500m on computers.'

"I say: 'Why? Why don't you spread it?'

"'Let's get rid of it,' he says, 'get it right out of the way.'"

"That," Lord Grade concluded, "is what we're doing now. We thought: 'Let's make a clean sweep, show 'em that we're serious'."

The film losses were certainly serious but perhaps the most startling admission was that only one of the 30 or so films ACC has made, the Muppet Movie, has achieved adequate commercial success.

"Thank goodness we have the Muppets this year." Lord Grade added, referring to the second Muppet film, The Great Muppet Caper, which opened yesterday in 750 cinemas in the U.S. and is already a success, having taken some $34m (£17.5m) in film rentals.

But he could also have been thinking of the company's stockpile of old Muppet television programmes. These are still so popular that ACC was able to sell a five-year series for North American syndication and then discount the contracted forward revenues from them at its bank. This raised a much needed £22.9m last year, enabling the group to reduce its borrowing and bolster its profit and loss account.

Even so profit before tax of ACC fell from £11.6m to £2.6m before tax last year. ACC has its base in the ATV television franchise in the Midlands, but the group has diversified into music publishing, theatres, cinemas, records and tapes, insurance and property, as well as films.

Lord Grade acknowledges his very costly mistakes in the film business but says he has learned from them and intends to go on making films despite the company's lack of success so far in this field. Because of the Independent Broadcasting Authority's requirement that voting control in television contractors be closely held, Lord Grade is in a strong position. He has 27½ per cent of the voting shares, even though he owns less than 1 per cent of the company's total equity capital.

The one film that has become the symbol of ACC's failure is Raise the Titanic. When Lord Grade started trying in the early 1970s to break in to the big-time popular feature film business, he showed a strong taste for spectaculars. Jesus of Nazareth, made for television, was an early foray in the genre. He also argued that if he made enough films, sooner or later there would be a blockbuster.

"I believe in the law of averages," he said three years ago, and so ACC poured out a stream of little noticed films such as The Big Sleep, Firepower and Saturn 3.

Unfortunately, there was also a danger that he would make a costly dud which would eat up much of his resources before the blockbuster came along. That is what happened with the Titanic. A spectacular that took three years to produce, Titanic also went spectacularly over its $15m budget to $35m and suffered lengthy production delays.

Lord (Lew) Grade: thank goodness for Miss Piggy and the the Muppets

"You learn. You can't make films without learning from mistakes."

Titanic was also a box office flop and the company has had to take a $16m loss on it before interest charges. But at least it seems to have spoiled Lord Grade's taste for spectaculars.

"There are going to be no big budget films unless I have financial partners, and I'm not talking about anything as big as $35m. That's out."

It is tempting to argue that his grandiose ambitions as a film-maker were doomed from the start. Yet although major feature film production in the early 1970s was speculative, it was also a logical move.

The group's profits on the export of television programmes had grown rapidly in the 1960s on the strength of Lord Grade's legendary salesmanship and on the appeal to Americans of such ATV Network series as The Saint and The Persuaders.

In 1967, a year in which ACC, then ATV, was the 13th most profitable company in Britain in terms of after-tax return on invested capital, profit from activities other than broadcasting reached £2.5m and most of that came from television programme exports.

But in the late 1960s, the big U.S. television networks became increasingly reluctant to gamble on foreign-made series. ATV's profits on programme exports began falling and had sunk to £¾m by 1973. On the other hand, the U.S. networks remained eager to buy full-length films and Lord Grade took the opportunity.

In spite of losses on its first few productions, ATV scored an early success with The Return of the Pink Panther and followed it with the triumph of The Muppet Movie. Profit from films and TV programme sales began rising again, to £1.1m in 1976 and £3.9m in 1979-80. But, by then, the balance sheet was showing nearly £60m invested in film rights and recorded programmes, indicating that the return was far from exciting.

Meanwhile, Lord Grade was extending ACC's exposure to the film industry by investing heavily in distribution and cinemas. In February, 1979, he snapped up Mr Laurie Marsh's Intereuropean Property Holdings, owner of the 81-cinema Classic chain, for £12.8m, a 60 per cent premium to the then market price of the shares. At about the same time, in partnership with EMI and others, he set up a film distribution company in the U.S., Associated Film Distribution.

Both ventures quickly turned sour. Intereuropean had forecast a profit of £2.8m in 1979 but made only £1¾m. Last year many of the group's provincial cinemas fell into loss and Lord Grade said this week that he was examining the situation. His suggestion in his annual statement last year of some "synergy" between production and exhibition has been dropped.

"We don't try to influence the Classics to show our films. They pick their own."

As for AFD, it seems to have been a disaster from the start. Distributing films in the U.S. has become as expensive as making them, Lord Grade observed.

"The cost of launching a film can be $6m-$7m if you advertise an network television and open with 700 prints. It was wrong to undertake that. It was my mistake."

How much of the film loss came from closing AFD has not been revealed, but it is probably not much less than the Titanic provision.

The poor returns on film-making, the cash demands of the distribution operation and the decline of cinema earnings were the main contributors to a severe liquidity crisis that hit ACC last autumn. At the same time, losses in the Pye record business were running out of control after an attempt to merge with RCA's record operations failed.

Until 1980, ACC borrowings were always at manageable levels, moving from 33 per cent of shareholders' funds in 1972-1973, the year before Lord Grade became chairman, to 52 per cent in 1978-79. However, net debt jumped 2⅜ times in 1979-80 to £74.9m while stated shareholders' funds rose only 3 per cent to £77.6m.

Interest charges trebled to £8.3m in a year when earnings and cash flow were already depressed by the ITV strike.

The surprise acquisition of the Jetsave charter flight group in the spring of 1980 was probably an early attempt to improve cash flow, but nothing substantial was done until last winter when the company ran into another daunting problem.

In its decision last December renewing the ATV Network franchise for the Midlands, the IBA ordered ACC to sell off a 49 per cent interest and to build a new studio at Nottingham to improve its service in the East Midlands.

This announcement, plus the publication at about the same time of halved interim profits and dividends, sent ACC shares plunging from 79p to 44p within days.

The company responded by setting up a financial and strategic planning committee of the board with Mr. Jack Gill, deputy chairman, in charge, and Lord Grade conspicuously absent.

Mr Gill, a quiet-spoken accountant who has been at ACC since 1956 and has a 15 per cent voting stake in the company, said the committee's first priority would be to reduce the group's gearing.

Since then, ACC has sold Ansafone for £13.5m and discounted the Muppet and a few other television programmes for £22.9m. Borrowing fell to £40.6m by the March 31 year-end while shareholders' funds may be down only about £8m before a property revaluation which is said to add some £23m to balance-sheet figures.

Despite the film losses, the value of film and television programmes has declined only slightly to £57m, mainly because of the approximately £35m invested in new films, such as the Muppet Caper, a re-make of The Lone Ranger and six others which had not been released by the year-end.

Plans for selling off the 49 per cent interest in ATV are under way and ACC hopes to realise about £10m net from it. However, the problem of financing the Nottingham studio, which is likely to cost £15m, has not yet been resolved.

The group is also trying to sell the 1¼ acre Eros site at Piccadilly Circus, acquired with the Classic chain. It turned out to be unsuitable for the large theatre-restaurant complex that Lord Grade had envisaged.

For all the improvement in the company's financial position, the outlook is still clouded by the film investments and by uncertainties about management.

As Mr Gill put it: "Everything depends on the success of the unreleased films." If they perform no better than Lord Grade's average to date, there will have to be further provisions. And there will be no more old Muppet series to sell in a hurry, although Lord Grade insists that other programmes in the group's stockpile, such as The Saint and Space 1999, are very valuable.

There has been speculation recently that Mr Gill has taken over real power from Lord Grade. Certainly, the new policy that all new film projects will be done with financial partners indicates a more cautious approach.

But Lord Grade still has the largest voting stake in the company and his film budget is still intact.

Asked if he was still planning to remain chairman and chief executive until 2001, the old impresario replied: "Absolutely!"

Was there any pressure for his removal?

"You must be joking!"

Weekend Brief

Stress and tantrums on the court

The tantrums of John McEnroe at Wimbledon on Monday revealed to a world television audience, have highlighted the inadequacies of the present disciplinary arrangements in tennis. The tournaments are in danger of falling into disrepute.

In any sport the behaviour of its superstars is important. The young copy all their gestures and the mannerisms. How many club players now give an audible "Connors' grunt" on every serve? Because the game gives such high rewards, more people are competing and the youngsters are becoming more abusive and violent on the court, particularly in the U.S.

What can be done to cure this blemish on an otherwise healthy, growing sport? The Code of Conduct introduced by the Men's International Professional Tennis Council in 1975 and endorsed by the Association of Tennis Professionals is explicit about the penalties for various catgeories of offence under two headings — time violations and unsportsmanlike conduct. First, there is a warning, then a point awarded to the opponent, then a second point, next a game and finally disqualification—and all of these offences carry fines.

Since 1978 this system has been administered by the Grand Prix Supervisors—the Americans, Dick Robeson and Frank Smith, Kurt Nielsen, the Dane who was twice a finalist at Wimbledon, and Franco Bartoni of Italy.

Finally, of course, the system depends upon the quality of the chair umpire. The problem has been to achieve uniformity—no easy task among 91 tournaments in 30 different countries. Behaviour that is penalised in Australia may be condoned in Caracas. Inevitably some players —all are under great stress—

John McEnroe shows his temper

feel they have been harshly treated when they see others getting away with murder. When Robeson finally disqualified Ilya Nastase from a tournament for hitting a ball petulantly out of court after persistent offences one week, Peter Fleming was understandably aggrieved the following week in New Orleans when he lost a point for banging a ball onto the floor.

The other problem is the double-standard that seems to allow greater leniency for highly ranked players than for minnows. Understandably tournament committees, having invested heavily in their star players, are reluctant to see them disqualified . . . or even upset.

The ideal solution would be to have a squad of professional umpires and linesmen accompanying the supervisors and the players round the circuit. Not only would consistency then be possible, but also the players would have greater confidence in officials whose livelihood depended upon their efficiency. One of the legitimate grievances of players is that they must suffer financially for their misdemeanours while amateur officials who are often incompetent are not subjected to any meaningful discipline.

The cost of having squads of touring professional officials would be high but the cost to the future of the professional game without them might be higher still.

Schmidt and musical ostpolitik

The scene — a corner of the Federal Chancellery in Bonn. The time — close to midnight, earlier this week. The dramatis personae: Herr Helmut Schmidt, talking with great animation to a visitor from Prague. The subject? Not East-West politics or the nuclear (im)balance as you might imagine — but music. The visitor was the Czech pianist Ivan Moravec, in Bonn at Schmidt's personal invitation — and including music of his compatriot Janacek in the programme at his host's request.

This is not an aspect of the so-called "iron chancellor" which often emerges into public view. Some at least are aware that Herr Schmidt loves visual art and has a couple of "large forms" by Henry Moore on his front lawn (something he can talk about with Mrs Margaret Thatcher when finance becomes too much of a strain).

It is much less widely known that the Chancellor has been running a series of private "house concerts" (there have been 12 so far) — and is never happier than when he can combine this with an invitation to a musician from the eastern bloc.

It is a kind of "cultural ostpolitik"—underlining Herr Schmidt's conviction that behind all political differences lies a European cultural community — to which a Janacek, a Chopin or a Tolstoy belong just as much as a Beethoven, a Balzac or a Dante.

In this sense the invitation to Ivan Moravec was highly appropriate. It was also sadly fitting to the Bonn climate, for much of the year that Moravec chose to play Janacek's suite "In the Mists." But apart from that the concert, which also included works by Schumann, Beethoven, Chopin and Debussy, turned out to be of remarkable quality in itself. Indeed, it had the eyes of many of those present almost popping out of their heads. One German official, himself a fine amateur pianist, likened Moravec's playing to that of the English pianist Solomon in its combination of vast technical skill and purity of style. Others wondered why they had not heard of Moravec before.

Moravec's career is something of a puzzle. As long ago as the mid-1960s he was playing in the U.S. with major critical acclaim (not least from Claudia Cassidy of the Chicago Tribune who, as many musicians know to their cost, was not one to be easily pleased). He made a batch of records for the Connoisseur Society of New York, which are not easy to come by in Europe, and his recordings for Supraphon of Czechoslovakia remain few and far between — for reasons which are not fully clear, but may be partly political.

Now aged 50, Moravec thus has a very high reputation among a very limited number of music-lovers. His highest ambition? To play, and if possible record, the Brahms concertos in London. If that great producer and impressario Walter Legge were still alive, Moravec would probably already have been snapped up. Is there no one around any more with that combination of taste and business acumen?

Songs of praise to breakfast gluttony

A group of Japanese visitors recently stayed at a north of England hotel, and went to their first English breakfast. Then they left for morning business appointments, returned for lunch, waved away the menu and asked if they could have breakfast again.

They would be popular with the late Somerset Maugham, who once said: "If you would eat well in England, you must eat breakfast three times a day." They would certainly be popular with Jan Read and Maite Marjon, a husband-wife team of writers who have just produced a book called The Great British Breakfast (Michael Joseph, £7.50).

Their book is a great hymn of praise to centuries of early-morning gluttony, and to launch it, British Rail, which sells 850,000 train breakfasts a year at a price pushing £6, and Frank Cooper, the marmalade people, got into the act when an assortment of media people were taken by train to Birmingham and back just to eat breakfast.

A BR man, who came along for the ride, and the breakfast, and presumably the claret and ale served in the great 18th century tradition before coffee and tea were major breakfast drinks (coffee and tea were available, too) said business travellers were now taking breakfasts in preference to lunch and also giving up lunch to take the breakfast menu as high tea at around 4.00 pm in the afternoon.

Read and his wife talk incessantly about British breakfasts. It seems that the quality improves the further north you travel culminating in a great blaze of culinary glory in the far north of Scotland where in the old days an alfresco breakfast in the glens could include a whole salmon cooked over a wood fire, and accompanied by whisky. Michael Joseph's travellers had to be content with claret and ale, but at least we realised what inspired our 19th-century forbears to go out and wreak havoc on the grouse moors.

The Reads went on about the merits of smoked haddock against kippers and how to make a lightning kedgeree from tinned salmon. The best time to take breakfast is about 10 am, it seems, which cuts out a lot of people. The international scene isn't quite as simple as you'd think—cooked breakfasts in Britain and coffee and rolls abroad. Ms Manjon, a Spaniard, recalls a man in her home town near Madrid breakfasting off highly-garlicked sausage washed down by glasses of a fiery local spirit distilled from grape seeds and skins.

You can drink almost anything with breakfast, but Ms Manjon favours champagne— "although it's too expensive." She and her husband will shortly celebrate their silver wedding with, what else, a breakfast! Of course, there will be champagne.

She told us that the Great English Breakfast should also be accompanied by the Great English Newspaper. "Breakfast television will be no substitute," she said. It was nice to know, but maybe she just thought that flattery would get her anywhere.

A nose for a good sea dog

In the past, Chay Blyth has been accorded only very grudging respect by Britain's yachting fraternity. But his record-breaking performance in the Observer/Europe 1 two-handed Transatlantic Race is going to change all that. It is the first time since 1968 that a Briton has won one of the Observer transatlantic classics. Blyth did it against the strongest French challenge in one of these races. All the leading French long-distance sailors, headed by Eric Tabarly, brought well-equipped and heavily sponsored boats to Plymouth. But Blyth, sailing a large 65-foot trimaran Brittany Ferries GB, covered the 2,800-mile course to Newport, Rhode Island, in 14 days, 14 hours.

That was 57 hours inside the previous record for this kind of crossing, and 17 hours ahead of his nearest opponent (French Olympic yachtsman Marc Pajot in a big catamaran, Elf Aquitaine). It represented an average speed of eight knots as the crow flies along the Great Circle Route. Blyth, of course, sailed at sea level in a zig-zag course against the prevailing winds. His average speed through the water must have been at least 9¼ knots and may have been more, an astonishing speed to maintain over that kind of distance.

Blyth has come to yachting through an unconventional route. In his mid-20s, he rowed across the Atlantic from West to East with fellow-paratrooper John Ridgway. A few years later, he entered the Sunday Times Round the World single-handed yacht race, but his almost total lack of experience persuaded him to retire in South Africa rather than face the Southern Ocean.

His next major venture was to persuade British Steel to build him a boat to sail alone round the world "the wrong way"—from East to West. This time he made it.

Brittany Ferries GB is his third trimaran. He capsized the first in 1976 while practising for a singlehanded race, and his second, though it won him the Round Britain Race, was very lightly built and subject to constant breakages. Shortly afterwards, Jack Hayward, the Bahamas businessman who backed all Blyth's sailing ventures in the mid-70s, pulled out of his sponsoring activities.

The 41-year-old Blyth does not give up very easily, however. With this determination he combines a good eye for talent in the fields he chooses to conquer. The designer of Brittany Ferries was John Shuttleworth, who had been involved in a junior capacity on an earlier Blyth boat. For his sailing partner, he took Rob James, husband of Dame Naomi and one of Britain's most talented deep water seamen. It proved to be a winning team.

Contributors:

John Barrett
Jonathan Carr
Alan Forrest
David Palmer

Economic Diary

MONDAY—National Food Survey report on consumption for first quarter. Quarterly analysis of bank advances for mid-May. Commons debate the problems of Yorkshire and Humberside. National Union of Railwaymen's conference opens, St Andrews (to July 10). Mrs Margaret Thatcher joins EEC leaders in Luxembourg for two-day European Council summit—agenda includes budget reform, Japanese trade, unemployment, and internal issues.

TUESDAY—Confederation of Shipbuilding and Engineering Unions conference opens, Ayr (to July 3). Tun Tan Siew-Sin, Sime Derby Berhad chairman, addresses Foreign Affairs Club dinner, Waldorf Hotel, London. International Coffee Organisation meets.

WEDNESDAY—Advance energy statistics for May. Mr John Biffen, Trade Secretary, addresses Trade Policy Research Centre dinner, Waldorf Hotel, London. National Economic Development Council meets, London. National Consumers Council statement on Plain English Awards. Sir Charles Forte receives Free Enterprise Award. Lord Carrington, Foreign Secretary, becomes President of EEC's Council of Ministers. Commons debate on the car industry.

THURSDAY—UK official reserves for June. Capital issues and redemptions (during the month of June). Housing starts and completions for May. UN Secretary General Kurt Waldheim meets President Francois Mitterrand, Paris. Comecon Prime Ministers meet, Sofia.

FRIDAY—Judgment delivered on Burmah Oil's claim against the Bank of England. Institute of Fiscal Studies conference on future of Corporation Tax, Regent Palace Hotel, W1.

Rediffusion £2.1m ahead after good second half

SECOND HALF profits of Rediffusion moved ahead from £10.59m to £12.26m and lifted this television set rental and retailing concern to a record £19.24m pre-tax, for the year ended March 31 1981, against £17.12m. Turnover expanded by £28.8m to £248.4m.

At midway, with the surplus up from £6.54m to £6.97m, the directors said that apart from the performance of the computer companies, results were generally in line with expectations.

Yearly earnings are stated at 11.3p (8p) per 25p share and the dividend is increased to 5.5p (5.25p) net with a final payment of 4.25p.

Pre-tax figure was struck after depreciation of £28.53m (£27.71m), interest, down from £4.85m to £4.16m, and included lower associate earnings of £2.82m against £3.74m.

Tax charge was £9.91m compared with £10.48m and the attributable balance came through ahead from £9.52m to £11.06m after extraordinary credits amounting to £1.74m (£2.88m).

The directors state that net borrowings were cut by £20.9m during the 12 months to £4.6m at the year end.

On a CCA basis the pre-tax surplus is reduced to £15.6m.

Rediffusion is controlled by the British Electric Traction Co.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Capital Gearing Tst.	0.25	Aug 3	Nil	0.25	Nil
Clyde Blowers ....int.	0.83	Aug 13	0.83	—	5.13
Elliott Grp.	0.25	—	0.5	0.25	1
Fortnum and Mason	19.72	Aug 15	19.72	23.22	23.22
Hong Kong Tin ......int.	10	Aug 4	10	—	30
Kleen-E-Zee	4	Sept 1	4	5.5	5.5
F. H. Lloyd	0.5	Aug	3.5	0.5	4
J. F. Nash ....int.	1.5	—	3	—	6.5
Rediffusion	4.25	Aug 3	4	5.5	5.25
Stonehill Hldgs.	4.5	Sept 25	4.5	8.5	8.5
Whatling ....int.	Nil	—	0.9	—	0.9

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

More UK Company News on Page 20

J. F. Nash has modest first half increase

ALTHOUGH TURNOVER fell from £8.26m to £7.52m, pre-tax profits of J. F. Nash Securities showed a modest increase from £122,000 to £136,000 in the six months to March 31 1981. The interim dividend however, is halved from 3p to 1.5p—last year's total was 6.5p from pre-tax profits of £568,000.

Results of the group, which has interests in motor manufacturing, packaging and engineering, included a profit of £18,000 by Somerset Brick Company which was sold in April. The other brick-making subsidiary, New Aberdare Brick Company, was adversely affected by a sharp downturn in the demand for engineering bricks in Wales.

The board says that despite the generally depressed state of the construction industry, Western Counties Construction continues to prosper. The company has a full order book and valuations on current contracts show satisfactory margins.

Dalkeith Press incurred a loss in the first quarter. In that period the changeover from letterpress to lithographic printing was completed and since then, the company has made a recovery.

Hodgkinson Bennis was the most successful of the group's engineering subsidiaries.

The chairman says that the performance of the reorganised Press Operations has been significantly better than was feared, and the company has returned to profitability.

Group borrowings have been substantially reduced and the balance sheet made stronger, and there is confidence in the future.

The pre-tax figure for the year was struck after interest charges of £189,000 (£325,000). After tax down from £56,000 to £27,000 and extraordinary credits of £110,000 (£229,000 debit), attributable profits came out at £219,000 (£151,000 loss).

Stated earnings per 25p share improved from 1.8p to 2.6p.

● comment

Shareholders in J. F. Nash (Securities) were warned that they could expect a reduced interim dividend, and it has indeed been halved. The reasoning was that—stripped of Reliant—the Nash earnings would tilt more steeply into the second half, and a 3p interim seemed too heavy. Nash had also begun to feel that it was over distributing altogether. The intention now is to cover the total about 1½ times, implying that Nash would be prepared to match last year's final if earnings were to reach £0.32m. That leaves a certain amount to do in the second half but is not an improbable result, as Nash's building contracts bunch in the summer months and a number of the other companies are set to increase profits at the same time. Hodgkinson Bennis, for example, has won a contract to supply banknote incinerators to the Nigerian central bank, while Dalkeith Press has completed its transition to lithographic printing. Military packaging is still profitable. At 46p, up 1p, the market values Nash at just over £1.9m compared with net worth in the region of £2.5m.

Acsis Jewellery

THE DIRECTORS of Acsis Jewellery have decided to postpone the arrangements for the placing of about 40 per cent of its shares and a quotation on the Unlisted Securities Market until the audited accounts for the July 31 1981 year are available.

Elliott Group cuts payout by 75% as losses approach £1m

A PRE-TAX loss of £960,000 compared with profits of £651,000 is reported by the Elliott Group of Peterborough for the year to March 28 1981. The final and total dividend is cut by 75 per cent to 0.25p.

Commenting on the figures, Mr A. W. Houston, the chairman, says that priority during the year was given to adjusting manufacturing and contracting capacity to a new and lower level of demand, and the funding of borrowings through property disposals and the unwinding of current assets.

At midway there was a loss of £188,000 (£472,000 profit).

At the year-end total borrowings amounted to £3.3m, which represented 59 per cent of shareholders' funds as against 77 per cent at the end of the previous year. Since that date, borrowings have been further reduced and offers have been accepted with regard to property disposals amounting to over £1m.

The group made an operating profit of £475,000 from continuing operations during the year, but there was an operating loss of £499,000 from discontinued operations.

The pre-tax figures was struck after an exceptional debit of £226,000 (nil) and interest charges of £710,000 (£756,000). The exceptional debit represents the final charge in respect of all known commitments relating to Saudi Arabian contracts.

An extraordinary item of £54,000 is made up of a figure of £343,000 in respect of the cost of closures and a net surplus on property disposals of £289,000.

There was a tax credit for the year of £388,000 (£68,000), leaving an attributable loss of £626,000 (profit £883,000). A loss per 10p share of 4.35p (earnings 5.44p) is reported.

Elliott Group manufactures relocatable buildings, furniture and joinery.

● comment

It seemed inevitable by the interim stage that Elliott Group of Peterborough would turn in a loss for the full year, and events have run their expected course. Last year's £1.4m operating profit has been replaced by a marginal loss, and interest charges have done the rest. A programme of capacity reduction and asset disposal has been under way for some time, although its impact on the p and l is disappointing so far, and there should be more tangible results in the current year. Gearing had fallen from 77 to 59 per cent of shareholders' funds by the year end and has since come down further, partly through the sweating down of working capital but substantially through property disposals. An additional £1m from such disposals is in the pipe-line, which points the gearing down towards 40 per cent. The management thinks that capacity is now about right for expected demand, a reduction which has been accomplished without too much damage to the product range or loss of skills. At 26p, Elliott's capitalisation is £3.4m.

F. H. Lloyd falls into the red

SERIOUS problems in the steel industry have coincided with a period of heavy investment to push foundry and engineering group F. H. Lloyd Holdings into the red. The loss before tax for the 52 weeks to March 28, 1981, amounted to £254,000, compared with a profit for the previous year of £2.37m.

After omitting the interim dividend, the directors plan to pay a token final of 0.5p. Last year's total distribution was 4p net.

Group trading profits fell from £3.05m to £1.2m after a loss in the engineering and steel division of £362,000 against a surplus of £1.41m.

The pre-tax loss was struck after a sharp increase in interest charges from £344,000 to £955,000 and exceptional debits of £635,000 (£726,000), and included other income of £90,000 (£262,000) and associates' profits of £44,000 (£131,000).

After a tax credit of £938,000 (£515,000 charge), minority profits of £133,000 (£168,000) and an extraordinary credit of £16,000 (nil), there was an attributable surplus of £567,000 (£1.69m).

Earnings per 25p share, after ACT adjustment and on a net distribution basis, are shown down from 7p to 2.3p.

● comment

There may be a danger of exaggerating the value of F. H. Lloyd's new mini-mill but, in terms of the balance sheet and dividend restoration prospects, its importance cannot be doubted. With some £1.5m related spending to come this year, its cost has already lifted bank borrowing from £1.2m to £8.5m which, taking in the loan stock, implies 33 per cent gearing. The speed and extent to which Lloyd can start pulling back that debt depends very largely on the upturn in steel which, in this case, is linked directly to the success of the mill's validation by potential customers. The foundries and services division, which has taken the bulk of the 700 redundancies, has just about kept level pegging. And it appears that the engineering constituent of the loss-making division may have maintained a trading profit of some £200,000. Steel, then, has fallen deeply into loss and the existing mini-mill, like the three rolling mills, is still in deficit, despite the closure of the old West Bromwich facility. The shares added 2½p yesterday to 33½p where the yield would be 17.3 per cent if Lloyd gets back to previous dividend payments. The Cooper stake, now 22 per cent, adds a little speculative interest but, more importantly, Lloyd is a cheap bet on innovative and extensive capital re-equipment.

Stonehill sharply lower

PRE-TAX profits of Stonehill Holdings, north London domestic furniture manufacturer, were £615,000 for the year to March 29 1981, less than a third of last year's £2.05m. Turnover also fell back, from £21.2m to £18.55m.

Mr Philip Steinberg, the chairman, says: "These results were achieved at a time when many in the furniture industry were incurring substantial losses."

At the interim stage he had said that the company was trading at a reasonable level at a time when increasing costs and depressed economic situation are putting profit margins under pressure.

The final dividend of 4.5p will be maintained, making a same again total of 8.5p. Mr Steinberg comments: "The maintenance of our dividend illustrates the strength of the company and our confidence in the future."

The trading profit fell from £2.4m to £921,000, of which depreciation took £306,000 against £356,000.

Stated actual earnings per 25p share are 4.1p (21.3p) and notional fully taxed earnings 3.8p (16.6p).

Whatlings ahead midway

DESPITE A pessimistic forecast in the preliminary statement, the civil engineering and building contractor Whatlings managed to increase its pre-tax profits in the six months to the end of March 1981 from £99,000 to £131,000. Turnover increased from £11.92m to £14.46m.

Mr W. Cameron Lindsay, the chairman, says that the company's policy of generating markets in the property refurbishment, private housing and other specialised fields is showing encouraging signs. He believes that these activities will provide a satisfactory supplement to the company's main operations.

However, no interim dividend will be paid but directors hope to resume payments at the year end. The interim last year was 0.9p, and although no final was paid. Annual pre-tax profits were £152,000 (loss £257,042) on turnover of £28.81m (£19.96m).

Stated first-half earnings per 25p share are up from 1.17p to 3.28p. There was no tax compared with £52,000 last year.

Results due next week

Forecasts of GEC's profits for the year the March 31—due on Thursday—stretch upwards from £450m to £475m before tax. The top end of the range represents an increase of 14 per cent on last year's £415.7m, implying considerable improvement in most product groups. Circumstances have turned in favour of the consumer division; rationalisations at Hotpoint were followed by the introduction of higher-margin products and, since the year-end, by the lessening of import competition. Marconi has probably run ahead faster than in the dull first half, moving on from a clutch of low-margin defence contracts into more profitable work on Rapier and Stingray. The industrial side should have pulled its weight, with power engineering profits up by a quarter, and a better performance from the disel group after the rationalisations of 1979-80.

The chairman of Granada warned at the AGM in March that the colour television rental business, which provided more than half of trading profits last year, was slow. However, the full benefit of last summer's tariff increase should help the division to a slight increase at at interim stage while the growth of video rentals may compensate for a fairly high termination rate. The other significant movement in profit should come from the motorway services division which is no longer paying rent to the Government after the signing of 50-year leases. Group profit, which is to be announced on Wednesday, should be up to £26m from last year's £22.9m and the dividend, which was 1.58p last time, is expected to rise in proportion to earnings.

Scottish and Newcastle has already indicated that its full-year figures will be down on last time's £39.1m pre-tax profit. The company reveals its numbers next Thursday and the estimates range between £33m and £35m pre-tax. S and N may not have suffered as much as the rest of the brewing sector, which has experienced an average beer volume drop of 6 to 7 per cent. This is because of the relative success of lager promotions. But the hotels business has not been good and S and N could be hurt in this division. Last year's total net dividend of 4.375p will almost certainly be maintained and could be increased slightly.

Avana was only a month from the end of its year when it bid for Robertsons Food, back in February. So the offer document's forecast profits of £5.4m before tax and final dividend of 3p (net) are unlikely to be very far from the outcome. Such targets are designed to be marginally overshot, and £5.5m is considered to be the pre-tax total Avana will most probably bring out on Wednesday. That would be a one-third increase over 1979-80, following a year of expansion throughout its operations, from orange-juice to own-label cake. The current year should see profits of around £7.5m — as Robertson is integrated.

Other results due include interim figures from Blundell-Permoglaze on Thursday and first-quarter figures from Minet Holdings on Friday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Avana Group	Wednesday	1.66667†	2.5	2.0
BET Omnibus Services	Tuesday	—	—	—
Brengreen Holdings	Tuesday	0.2	0.3	0.3
Brent Walker	Monday	0.35	1.4	0.35
British Cinematograph Theatres	Monday	—	2.1	—
British Tar Products	Tuesday	0.525	1.575	0.525
Bromsgrove Casting and Machining	Thursday	1.0	3.0	0.75
Brown and Tawse	Monday	1.4	5.0	1.4
Centrovincial Estates	Thursday	1.0	1.0	1.33
Country Gentlemen's Association	Monday	—	20.0	—
Courts (Furnishers)	Tuesday	1.75	1.95	1.75
General Electric Co (The)	Thursday	3.0	5.25	3.5
Goodkind (W.) and Sons	Friday	—	0.05	—
Hazlewood Foods	Monday	1.65	4.35	3.0
Holden (Arthur) and Sons	Monday	2.0	3.0	2.0
Jacksons Bourne End	Wednesday	2.0	3.0	2.0
London and Liverpool Trust	Monday	—	—	0.5
Munton Brothers	Monday	—	—	—
NCC Energy	Thursday	0.35	1.55	0.4

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
Regalian Properties	Monday	—	—	—
Scottish and Newcastle Breweries	Thursday	1.5	2.875	1.5
Stead and Simpson	Wednesday	1.0	2.25	1.0
Sutcliffe, Speakman	Tuesday	1.3164	—	—
Technology Investment Trust	Wednesday	1.86†	2.6	1.6
Textured Jersey	Tuesday	1.5	3.0	1.75
Wolverhampton Steam Laundry	Tuesday	—	0.5	—
INTERIM DIVIDENDS				
Bett Brothers	Wednesday	1.2	1.9	
Birmingham Pallet Group	Thursday	1.0	1.5	
Blundell-Permoglaze Holdings	Thursday	1.6	3.2	
Burns-Anderson	Wednesday	0.6	1.4	
Granada Group	Wednesday	1.584	2.766	
Kitchen (Robert) Taylor	Wednesday	3.0	7.0	
Thermal Syndicate	Thursday	3.0	4.0	
Minet Holdings	Friday‡			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes non-recurring dividend of 0.35p. ‡ First quarter figures. ¶ Total of first and second interim dividends.

BIDS AND DEALS

News International raises Collins offer by 12½%

BY REG VAUGHAN

The bid battle for Glasgow publishing house William Collins hotted up yesterday as News International lifted its offer for the voting shares by 12½ per cent from 200p to 225p after purchasing the 9.4 per cent stake in Collins held by Mr Robert Maxwell's Pergamon Press at the same price.

The new terms—which exclude any increase on the 150p already offered for the "A" non voting shares—brought a quick reaction from the Collins Board yesterday. The company said that the offer was still "totally inadequate and should be rejected."

The purchase of Mr Maxwell's shares, together with a minimal number of acceptances of the original offer, takes News International's stake in the Collins voting capital up to 41.1 per cent. The new offer brings the total value of the bid up to £23.8m.

There was little interest in Collins shares in the London Stock Market yesterday and they closed the day unchanged at 230p.

The announcement of the deal between Mr Ruper Murdoch, the News International chairman, and Mr Maxwell followed a meeting yesterday at which they settled a dispute over the printing of the Sunday Times colour magazine by Mr Maxwell's BPC. It was also agreed to merge Eric Bemrose, a News International subsidiary, into a new BPC subsidiary.

Guinness Mahon, advisers to News International, said yesterday that the negotiations to purchase Mr Maxwell's shares was "totally unconnected" with the other transactions between Mr Maxwell and News International.

Mr Maxwell said yesterday that he reached agreement with Mr Murdoch on the sale of his shares in Collins late on Thursday night. He said that it had been "very much in his mind" to make a bid for Collins and he had approached Mr Murdoch to acquire News International's holding. This was turned down by Mr Murdoch.

Mr Maxwell said that he sold his shares as he did not "want to engage in a bid battle with a major customer." He said that the price was right and was a "negotiated asking price."

The major uncommitted shareholder in Collins is Crossburn Trustees, the Collins family trust set up by the late Mr Ian Collins, which controls a crucial 16 per cent of the voting capital.

The attitude of Crossburn to the bid is not known but it appears that News is canvassing Crossburn for support. Crossburn has engaged S. G. Warburg as independent advisers.

Witan Investment holds the other significant stake in the company of 8.25 per cent, which it acquired as a recovery stock about 18 months ago. Witan plans to hold on to its shares and see how things develop.

The rest of the shares in Collins are mainly held by individual shareholders, predominantly in Scotland.

News International acquired its original stake of around 30 per cent from Mr Jan Collins, the former chairman, and certain other Collins family shareholders in a surprise move on May 13.

In its main defence issued last Wednesday, Collins forecast doubled profits of £4m for the current year together with a 150 per cent increase in the dividend.

Foseco buys Dutch company for £2.29m

Fosroc Construction Chemicals, a subsidiary of the Foseco Minsep group, the specialised chemicals manufacturer, has acquired HIM Chemie, a Netherlands-based industrial and marine coatings manufacturer, for 12m guilders (£2.29m), in a basically cash deal.

Chemie has previously distributed its products in Middle Eastern markets through Fosroc's channels in the region. Its major markets, however, are in Europe, which should give Fosroc a stronger presence there, apart from expanding its product range.

UCM offer

Arab Malaysian Development Bank owns a holding of only 10 per cent in Arab Asian Bank, the company which has bid for United City Merchants through a Hong Kong subsidiary.

Arab Malaysian Development Bank is in turn owned as to 55 per cent by Malaysian Industrial Development Finance, with minority interests owned by Arab institutional investors.

Wednesday's Financial Times stated incorrectly that Arab Asian Bank was a wholly-owned subsidiary of Arab Malaysian, and that Arab Malaysian was controlled by Arab interests.

PADANG JAWA RUBBER ESTATE

The directors of Padang Jawa Rubber Estate have announced that agreement has been reached in principle for the purchase of Fred Bentley (London restaurateurs and wholesalers) and that negotiations are in an advanced stage for the acquisition of Osborn King (Oxford) (retailers of country clothing and weatherwear).

The total consideration is £700,000 in cash.

The directors have agreed that until completion of acquisitions, no further dealings should take place in the shares of the company.

THF'S SAVOY STAKE

Savoy Hotel group has officially confirmed the size of the stake now held by Trusthouse Forte, whose bid for Savoy lapsed last week. THF bought 38.92 per cent of the "A" low voting shares, ending with 63.11 per cent, and 8.85 per cent of the "B" voting shares, ending with 12.55 per cent.

MEGHOF SOLD

Receivers of Meghof Group, the fire sprinkler system manufacturer, have sold the assets of the company to William Townson and Sons of Bolton. Virtual full employment has been maintained at Meghof under their management.

The receivers are partners at Peat, Marwick, Mitchell.

Consortium may raise bid for Chas Hill of Bristol

THE CONSORTIUM headed by Mr Alastair Milne has offered to increase its bid for Charles Hill of Bristol, the civil engineering and ship repair company, from 100p a share to 125p, which values the company at £1.46m.

The proposal is conditional on the board of Charles Hill agreeing irrevocably to recommend the new offer, and undertaking to "use its best endeavours" to ensure that if accepted by at least 50 per cent of the shares in issue.

A further pre-condition to the new offer is that all the directors, as well as Mr P. S. Longbottom, a friend of the Hill family who control 5.2 per cent of the equity, sign forms of acceptance and transfer. The directors themselves control 28 per cent of the shares.

The consortium yesterday said that the offer to increase the bid had been made to preserve "harmonious" relations between the two parties—considered particularly important because of the family nature of the business.

It was also suggested that Charles Hill had intimated that a higher offer could be more acceptable to the Board, and that some pressure could have come from rumours of an alternative bid from another consortium at 115p a share. No other offers have been confirmed, however.

Mr Richard Hill, chairman and joint managing director of Charles Hill, would not comment on the new bid yesterday, but said a Board meeting had been called for Monday when it would be given "careful consideration."

Acceptances of the original bid had been "quite satisfactory," according to Energy Finance and General Trust, which is acting for the consortium. Under the original agreement, Energy Finance would take 20 per cent of the company, Montagu Loebl, the brokers, would acquire 60 per cent, and individual members of the consortium would hold the remaining 20 per cent.

Acceptances of the conditions to increase the bid must be agreed by Wednesday July 1.

Construction Holdings rejects Fulcrum offer

THE BID by Fulcrum Investment Trust for Construction Holdings Investment Trust should be rejected because there was no cash alternative to the offer, and because it was inadequate in terms of the next asset value of Construction, the company said in a document released yesterday.

The share offer for Construction valued the company at 209p a share, while the net asset value of the trust stood at 236p a share on June 18 this year, the company said. The company claimed that most recent offers for investment trusts had been made at premiums to net asset value.

In addition, Fulcrum's performance was not as good as that of Construction, according to the document. Since its formation in May 1979, Fulcrum's net asset value had dropped by 4 per cent, while that of Construction had risen by 20 per cent since its reconstruction as an investment trust in October 1979.

If a combined trust were formed out of the two companies, Fulcrum's assets would contribute only 38 per cent of the combined asset value, Construction added. It also said that its management expense ratios were lower than those of Fulcrum.

Delta sells Australian subsidiary for £9.4m

FOLLOWING ITS policy of reducing dependence on metal semi-fabrication, Delta Group is to sell its wholly-owned Australian subsidiary, Extruded Metals, to an Australian group, NKS (Holdings).

The cash consideration — A$14.2m payable on July 15 plus loan repayments of A$1.9m over two years — is equivalent to about £9.4m and compares with Extruded Metals' net assets of less than £4.5m.

Delta says the funds will be retained in Australia for reinvestment in new growth areas.

S. & W. BERISFORD/ BRITISH SUGAR

J. Henry Schroder Wagg, merchant banker advising British Sugar Corporation, has bought 185,000 of the group's shares at 335½p per share in an effort to ward off the £200m bid by S. and W. Berisford for the sugar corporation.

Tricentrol demerger details

Tricentrol, the independent oil group, yesterday sent shareholders details of its proposed demerger of non-oil and gas interests into a company to be known as Combined Technologies Corporation (Comtech). The demerger documents include a letter from Mr James Longcroft, chairman, recommending the plan. Approval in principle was given by Tricentrol shareholders at a special meeting on May 7.

If shareholders approve the proposal at another special meeting, scheduled for July 14, the demerger is to be implemented by distributing one Comtech share for each Tricentrol share held. The Comtech shares are to have a par value of 10p and will be listed on the London Stock Exchange and in New York and Toronto where Tricentrol shares are also quoted.

Comtech will consist of two divisions—commercial and product development. The first will include Tricentrol's car and commercial vehicle dealerships, wholesale hardware business, builders mechanting and travel business. The second is to develop "energy efficiency products" and products in the field of information storage and retrieval.

Tricentrol announced yesterday that the new company would not include its Dutch subsidiary, Tricentrol BV. This business, which made an operating loss of £426,000 on £6m of sales last year, was sold in a management buy-out on Tuesday for around £2,000.

Comtech, which is to receive a cash injection of £7.5m from Tricentrol before the demerger takes place, showed borrowings of £20.9m as at May 31, a capital gearing level of 112.5 per cent. As a result of the injection, Comtech borrowings are to amount to £16.3m at June 30, a gearing level of 63 per cent on net assets of £25.76m. The £7.5m is to used to reduce Comtech borrowings, which have peaked at £23.8m, according to the group.

Mr Graham Hearne, chief executive of Tricentrol, said last night that Tricentrol's initial plan was to inject around £5m rather than £7.5m into Comtech. But he explained: "We wanted to ensure that Comtech starts life with a responsible capital base and gearing level."

The Comtech demerger document shows that in the first quarter of 1981 business made an operating profit of £4,000 and a pre-tax loss of £600,000 on turnover of £45.4m. One effect of the Tricentrol cash injection is expected to be the elimination of central interest costs this year. But research and development expenditure is expected to total £2.4m in the 12 months to December 31.

Comtech forecasts break-even at the operating level in this period, although Mr Hearne acknowledged last night that the pre-tax results would be affected by the extent of the group's research and development expenditure. The first accounting period for Comtech will be the nine months to March 31 1982, during which time research spending of £2.2m is planned.

According to the documents, Tricentrol expects to follow a dividend policy in future which will have regard to its status as a natural resource company. Continuing high investment in oil and gas exploration "may constrain the growth of dividends."

The dividend policy of Comtech "will take account of the need for substantial development expenditure" for new products. Mr Hearne said, however, that Comtech's dividend payment this year would not be a function of just current performance, but also of expectations for the future.

Under the Finance Act 1980, UK shareholders in Tricentrol will be exempt from tax on the transfer of Comtech shares by Tricentrol. Canadian shareholders will be subject to income tax as the transfer will be treated as a dividend and the treatment of U.S. shareholders is not clear.

J. & H. B. Jackson downturn

The iron, steel and non-ferrous merchant J. and H. B. Jackson made pre-tax profits of £1.78m in the six months to the end of March 1981, compared with £1.82m in the same period the year before. Turnover slipped from £15.4m to £15m.

The interim dividend is held at 0.75p. Last year there was a total of 1.55p from pre-tax profits of £2.98m. Earnings per 5p share are stated at 3.55p against 3.63p.

The company has allowed £926,000 for tax (£948,000), leaving attributable profits of £856,000 (£876,000). There was an additional profit on sales of quoted investments of £300,000 (1979-80 full year £46,000).

KCA Drilling subscriptions fall short

KCA International's offer of 20m shares at 95p each in its newly hived off drilling subsidiary has been met by applications for only 65 per cent of the equity.

Mr Paul Bristol, chairman of KCA, acknowledged yesterday that the remaining 35 per cent of the shares would go to sub-underwriters. The [illegible] offer was underwritten by Charterhouse Japhet.

Mr Bristol said the development of KCA Drilling, the new company, would go on "in exactly the same way." "We intend to make sure that shareholders get a good deal, maybe not on day one, but in the future," he added.

At Carr Sebag, brokers to the issue, Mr Sandy Gilmour, joint senior partner, said the main reason why the issue had not been successful was that institutions had committed all of their "oil money" to the recent BP rights issue. Mr Gilmour described the response to the offer as "not good."

Shares in KCA International fell 13p yesterday to 144p.

'W' Ribbons to raise £0.8m by way of rights

"W" Ribbons, the troubled seat belt webbing and cargo handling equipment supplier, is raising £785,000 by way of a rights issue of convertible cumulative redeemable preference shares 1995-96 of £1.

The preference shares are being offered on the basis of one for every seven ordinary shares held on June 19 1981 and the issue has been underwritten by Industrial and Commercial Finance Corporation.

The preference shares will be convertible at the rate of 25p a share from 1984 to 1992.

Following substantial losses in a German subsidiary and the disposal of its seatbelt division, Ribbons' borrowings have risen substantially and stood at £3.5m on May 29 compared with shareholders' funds of about £1.4m following the £273,000 attributable loss at the interim stage.

The £730,000 net proceeds from the issue are intended to strengthen the balance sheet and reduce the level of borrowings.

The Board does not expect to be able to recommend any dividends in respect of the current year to June 30 1981. An EGM is to be held on July 21 to approve an increase in authorised capital.

At the request of ICFC, the directors have assigned to it without consideration their rights in respect of 233,000 preference shares.

SPAIN

June 26	Price %	+ or −
Banco Bilbao	329	
Banco Central	373	−29
Banco Exterior	327	
Banco Hispano	311	
Banco Ind. Cat.	124	
Banco Santander	388	+6
Banco Urquijo	227	−2
Banco Vizcaya	326	−28
Banco Zaragoza	250	
Dragados	224	−6
Espanola Zinc	88	−2
Fecsa	77.7	+1.2
Gal. Preciados	53	−3
Hidrola	84	+1
Iberduero	68.7	
Petroleos	139	
Petroliber	102	
Sogefisa	59	
Telefonica	67	
Union Elect.	73.2	

CORAL INDEX
Close: 541-546 (−2)

THE TRING HALL U.S.M. INDEX
126.0 (−0.1)
at close of business 25/6/81
BASE DATE 10/11/80 100

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Perennial takeover favourite **United City Merchants** is finally in receipt of an offer. Dealings in the shares were suspended eight days ago and were resumed on Tuesday following details of the 40p cash bid from the Arab Asian Bank of Bahrain. The bid has the approval of the chairman, Mr Eric Sosnow and members of his family who together speak for almost 30 per cent of the equity and values UCM at around £15m.

Hawley Leisure, an active participant on the takeover front of late, has disposed of its 21 per cent stake in Pritchard Services, the multi-faceted services concern for £9.9m, through merchant bankers Morgan Grenfell who placed the majority of the shares with institutions. Hawley, which terminated tentative negotiations with engineers Camrex last week, is still looking for further acquisitions, especially in the U.S.

Lonrho, the international trading combine, has acquired a 50 per cent holding in Swiss-based transport group Kuehne and Nagel for DM 90m (£19.11m).

International Paint, a subsidiary of Courtaulds, is, through its U.S. arm, paying $14.9m (£7.4m) for **Latcote**, a Texas-based private company involved in the manufacture and distribution of heavy duty paint.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Anglo Metrop.	119	106	101	6.77	First Penn. Mort. Trust	—
Beralt Tin	110*§	103	75	6.31	Charter Cons.	—
Brit. Sugar Cpn.	335*	337	315	201.00	Berisford (S. and W.)	1/7
Collins (Wm.)	225*	230	180	9.27	News Int.	2/7
Collins (Wm.) 'A'	150*	153	135	14.51	News Int.	2/7
Constrctn. Hldgs.	206§	210	193	1.86	Fulcrum Inv. Trust	—
G. H. Downing	200*	236	158	12.06	Hanson Tst.	8/7
G. H. Downing	250	236	228	15.07	Steetley	15/7
Greenbank Trust	154	160	178	1.23	Sturla Hldgs.	—
Hield Bros.¶¶	15¼*	15	10½	2.32	Gamma Beta Inv.	—
Hill (Chas.)	125*	125	92	1.46	Consortium	—
Hirst & Mallinson	33½	32	30	1.73	Assoc. Brit. Eng.	—
Lloyds & Scottish	200*§	195	185	144.21	Lloyds Bank	—
Mysen	68*	64	48††	6.53	Consortium	—
NCC Energy	—	125	135††	—	Simplicity Pattern	—
Paringa	80*	81	72	8.64	Apollo Int. Mines	—
Paringa¶¶	75½§§	81	65	8.15	Hmptn. Areas	25/7
Parker Knoll	35*	127	29	0.65	B. & I. Nathan	—
Rno Estates	58*§	60	58	0.79	E. Produce and Laurie Plnts.	—
St Piran¶¶	80*§	65††	65††	4.93	Gasco Invs.	—
Utd. City Merc.	40*	40	29††	14.07	Arab Asian Bank	—
Westward TV "C"	24*	23½	20	2.31	TV Sth. West	9/7
Wight Hldgs.¶¶	30*§	34	30	0.38	Thornwd. Inv.	—
Winston Est.	—	114	73††	—	Sterling Credit	—
Wrighton (F.)	77½*	72	70	3.49	Greenbrook	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 26/6/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ACC	Mar	2,620	(11,630)	1.3	(17.7)	1.5	(8.0)
Anderson Strath.	Mar	6,330	(5,870)	10.4	(11.4)	4.0	(4.0)
Appld. Computer	Mar	756	(720)	5.1	(6.4)	0.5	(0.5)
Austin (E.)	Mar	93	(511)	1.5	(10.3)	1.31	(1.31)
Baker Perkins	Mar	2,030	(6,460)	2.6	(14.6)	5.1	(6.45)
Barget	Dec	488‡L	(857)L	—	(—)	—	(—)
BPB Industries	Mar	42,100	(47,090)	32.4	(37.6)	9.0	(9.0)
Brickhse. Dudley	Mar	2,180	(2,539)	8.8	(9.9)	3.2	(3.2)
Bridgend Process	Dec	253L	(379)L	—	(—)	—	(—)
Burnett & Hlmshr.	Mar	12,460	(7,320)	113.2	(89.6)	11.3	(8.0)
Charter Consld.	Mar	53,741	(52,349)	31.7	(27.9)	10.0	(8.35)
Chloride Group	Mar	13,500L	(18,700)	—	(5.8)	—	(4.0)
Chubb & Son	Mar	6,840	(7,216)	4.2	(4.9)	5.43	(5.43)
Cocksedge Hldgs.	Mar	598L	(748)L	—	(—)	—	(—)
Cropper (James)	Mar	100	(887)	5.2	(53.7)	2.5	(4.0)
Davenport Knit.	Dec	1,120	(807)	30.8	(19.8)	5.67	(4.9)
Duport	Jan	13,909L	(6,563)	—	(13.0)	—	(5.38)
Electrocompnnts.	Mar	14,560	(13,050)	38.1	(35.7)	9.75	(8.75)
Elswick Hopper	Jan	671	(1,310)	1.8	(3.2)	1.15	(1.15)
Executex Clothes	Dec	55	(256)	2.4	(9.1)	1.86	(1.86)
Ferranti	Mar	18,100	(11,200)	40.0	(27.5)	6.5	(6.9)
GEI Intl.	Mar	3,480	(6,820)	6.6	(12.8)	5.32	(5.32)
Grant (James)	Jan	563	(1,060)	14.9	(20.3)	—	(—)
Halma	Mar	1,280	(1,449)	6.4	(6.9)	1.62	(1.35)
Hambros	Mar	15,300†	(9,800)†	71.9	(46.5)	22.5	(16.5)
Hickling Pentcst.	Mar	304	(875)	7.0	(28.0)	6.0	(9.0)
Humphries Hldgs.	Mar	931	(1,050)	11.6	(8.6)	—	(—)
Mansfield Brwy.	Mar	5,450	(4,230)	23.6	(16.0)	4.2	(3.25)
Moorgate Merc.	Mar	403	(400)	2.0	(2.5)	0.9	(0.75)
Nova (Jersey)	Mar	630	(518)	19.2	(16.2)	4.5	(3.5)
Ocean Wilsons	Dec	3,220¶	(2,960)	4.7¶	(5.6)	2.6¶	(2.25)
Paterson (R.)	Mar	808	(537)	5.3	(2.1)	2.18	(2.04)
Petbow Holdings	Mar	948L	(898)L	—	(—)	—	(1.5)
Plessey	Apr	84,540	(60,100)	22.5	(16.1)	7.63	(6.94)
Powell Duffryn	Mar	14,000	(15,880)	36.8	(39.9)	14.25	(13.25)
Prop. Partnrships.	Mar	737	(667)	9.9	(8.7)	5.0	(4.5)
Racal	Mar	73,210	(63,620)	18.7	(18.1)	4.55	(4.13)
Redland	Mar	46,760	(57,290)	15.9	(20.9)	7.34	(6.67)
Renold	Mar	2,950	(6,220)	2.9	(7.9)	2.0	(8.0)
Scapa Group	Mar	9,280	(8,290)	16.4	(15.9)	6.55	(6.55)
Shaw Carpets	May	465	(1,050)	1.5	(4.8)	2.0	(2.0)
Shaw (Francis)	Dec	107L	(393)L	—	(—)	—	(1.32)
Tecalemit	Mar	2,470	(4,770)	4.4	(7.6)	2.08	(2.08)
Triplex Fndrs.	Mar	1,300L	(1,880)	—	(18.3)	1.0	(5.44)
Walker & Staff	Mar	70	(198)	2.3	(6.4)	1.35	(1.35)
Whitecroft	Mar	1,730	(4,570)	7.6	(12.7)	3.85	(7.7)

Scrip Issues

Electrocomponents—Four for one.
Halma—One for three.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Ace Belmont	Feb	481	(750)	—	(—)
Anglia TV	Apr	2,410	(2,970)	2.2	(2.0)
Barr (A. G.)	Apr	975	(950)	1.25	(1.25)
FNFC	Apr.	7,680	(825)	—	(—)
Hardys & Hansons	Apr	1,170	(1,170)	3.7	(3.1)
Henlys	Mar	666L	(438)	3.0	(3.0)
Irish Distillers	Mar	2,600‖	(4,970)‖	0.88	(0.88)
Lee (Arthur)	Mar	2,650L	(637)	—	(0.44)
Lookers	Mar	402	(406)	1.4	(1.4)
Trusthouse Forte	Apr	14,000	(19,300)	1.5	(1.5)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. † Profits after tax. ‡ For 15 months. ¶ For 11 months. ‖ In I£. L Loss.

Rights Issues

Chloride Group—Is raising £17.3m by way of a rights issue of cumulative convertible preference shares on the basis of one of £1 each for every seven ordinary shares.

Mount Charlotte Investments—Is raising £2.9m by way of a rights issue of 9½ per cent convertible loan stock 2000.

Offers for sale, placings and introductions

Financial Corporation of America—London listing.

Memec—Offer for sale of 3.75m shares at 140p per share.

Mid Kent Water Company—Is offering £3m of redeemable preference stock, 1987, for sale by tender at a minimum price of £97 per cent.

United Computer Technology Holdings—Is raising £2.5m via an offer for subscription of 2m ordinary 50p shares at 100p each to shareholders in Automated Security (Holdings) and Rights and Issues Investment Trust.

APPOINTMENTS

Personnel director at Cadbury Schweppes

Mr Peter Reay has been appointed Group personnel director of CADBURY SCHWEPPES. Mr Reay, who joined Cadbury in 1954 at Bournville, succeeds Mr Frank Hamer who is retiring.

★

Mr Nick Whitehouse has been elected chairman of ARCHITECTS IN INDUSTRY AND COMMERCE, a special purpose group within the Royal Institute of British Architects.

★

Mr E. C. Humphreys, chief executive of the milling division, and **Mr T. A. A. Macpherson**, chief executive of the malt division, are to join the Board of DALGETY SPILLERS on July 1.

★

Mr Patrick Dromgoole and **Mr Timothy Knowles** have been appointed assistant managing directors of HTV.

★

Mr T. A. Simpson, formerly co-ordinator for maritime affairs, Lloyd's Register of Shipping, has succeeded **Mr F. N. Boylan** as the permanent representative of IACS at IMCO (INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANISATION).

★

Mr John Williamson has been appointed director of computing by the CENTRAL ELECTRICITY GENERATING BOARD from July 1. Mr Williamson is computer planning and development manager. He succeeds **Mr Frank Ledger** who becomes director of operations.

★

YORKSHIRE SWITCHGEAR AND ENGINEERING COMPANY has appointed **Mr David Hargreaves** works director and **Mr Martin C. Oakes** engineering director.

★

Vice presidents **Mr Riad Ghali** and **Mr William M. Scearce** have been given new assignments in WELLS FARGO BANK'S INTERNATIONAL BANKING GROUP. Mr Ghali has been transferred from San Francisco to London, where he will manage the Middle East and Africa area of the international group. Mr Scearce, who previously held the London post, has been named manager of the Miami branch of Wells Fargo Bank International, an Edge Act Company based in San Francisco. Mr Scearce will also manage the central America/Caribbean/Venezuela area of the International Banking Group in his new assignment.

★

Mr I. J. S. Henderson has been appointed to the board of LONDON AND MANCHESTER ASSURANCE COMPANY from July 1.

★

Mr F. J. Richard Boddy, deputy chairman of Boddy Industries Group, has been appointed to the North-West board of EAGLE STAR GROUP. Mr Boddy is also a director responsible for the Eastern Region of English China Clays Quarries.

★

Sir Adrian Cadbury, chairman, Cadbury Schweppes, has joined the advisory editorial board of PERSONNEL MANAGEMENT, official monthly journal of the Institute of Personnel Management.

★

Mr Michael R. Ball and **Mr Frank A. Speight** have been appointed directors of BOUSTEAD COMMODITIES, a subsidiary of Boustead.

★

Mr C. C. H. Pictor has been appointed a director of BLACKWALL GREEN INTERNATIONAL.

★

Sir Ronald Swayne, chairman of OVERSEAS CONTAINERS LIMITED, has announced his retirement in mid-1982 when he will have served OCL for 17 years, from a founder director in 1965 through to his appointment as chairman in April 1973. His successor will be **Mr Kerry St. Johnston** who, from a founder director of OCL in 1965, left the company as deputy chairman in 1976 to take up an appointment in the Far East, and who will rejoin OCL early in 1982.

★

S. SIMPSON is making the following appointments on August 1 at Daks-Simpson and Daks-Simpson (Womenswear): managing director of both companies, **Mr Stephen Rose**; deputy managing director — Daks-Simpson (Womenswear), **Mr Peter Garland**. He also joins the board of Daks-Simpson on July 1. At Activon: deputy chairman, **Mr John Marshall Clay** will resign from the position of executive chairman on June 30. He is succeeded by **Mr Charles G. Birchall** who has been a director since 1965, while **Mr J. Dundas Hamilton** becomes non-executive vice-chairman. **Mr Roderick Boyd** and **Mr Simon Clay** become joint managing directors, responsible for Group manufacturing and sales/marketing respectively.

★

Johnny Mengers (managing director and deputy chairman of S. Simpson); managing director, **Mr Harry Kuiper**. **Mr Joseph Guzzan** will retire as managing director of Activon but continues on the board of the parent company, S. Simpson and as a consultant to Activon.

★

Mr Michael G. Wyatt has been appointed a director of the BRITISH AND COMMONWEALTH SHIPPING CO.

OVERSEAS

Three directors of Shearson Loeb Rhoades Inc. have been elected to AMERICAN EXPRESS COMPANY'S board subject to the completion of the acquisition of Shearson by American Express which is expected on June 29.

Former President of the U.S. **Mr Gerald R. Ford** has become adviser to the American Express board of directors. Mr Ford is a member of the board of Shearson Loeb Rhoades.

The three new directors are **Mr Sanford I. Weill**, chairman and chief executive office of Shearson, **Mr Peter Cohen**, Shearson's vice chairman and chief operating officer, and **Mr Dan Seymour**, an independent business and communications consultant. Mr. Weill will become chairman of the executive committee and a member of the finance committee of the American Express board. He will join the five member executive office of the chairman. Mr Cohen will become an executive vice president of American Express.

★

INTERNATIONAL MILITARY SERVICES, the commercial arm of the British Ministry of Defence, has appointed **Mr. John Sutherland**, a main board director of IMS, as its resident director in Malaysia. Mr. Sutherland, who will be based at Kuala Lumpur, will be responsible for the further development of trading links and relationships with the Malaysian authorities.

★

Mr Pendleton Thomas, chairman and president of Penvest, Inc., a Texas-based financial services company, has been elected to the board of JIM WALTER CORPORATION.

★

Mr Ove Stoltz has been appointed managing director of ASEA B.V., Apeldoorn, and will take up his duties on August 15. Mr Stoltz is general manager of the tube division of Nyby-Uddeholm AB. He succeeds **Mr Jan Bertil Sundberg**, who is taking up another post outside the ASEA Group. **Mr Thorolf Damén**, managing director of Österreichische ASEA Elektrizitätsgesellschaft mbH, Vienna, has been appointed managing director of ASEA S.p.A, Milan, from September 1. He succeeds **Mr Tage Lundberg**, who is retiring.

BASE LENDING RATES

A.B.N. Bank .... 12 %	■ Guinness Mahon ...... 12 %
Allied Irish Bank ...... 12 %	■ Hambros Bank .... 12 %
American Express Bk. 12 %	Heritable & Gen. Trust 12 %
Amro Bank .... 12 %	■ Hill Samuel ....§12 %
Henry Ansbacher ...... 12 %	C. Hoare & Co. ....†12 %
AP Bank Ltd. .... 12 %	Hongkong & Shanghai 12 %
■ Arbuthnot Latham ... 12 %	Knowsley & Co. Ltd. ... 14 %
Associates Cap. Corp. 12 %	Langris Trust Ltd. ...... 12 %
Banco de Bilbao ...... 12 %	Lloyds Bank .... 12 %
BCCI .... 12 %	Mallinhall Limited ... 12 %
Bank of Cyprus .... 12 %	Edward Manson & Co. 13 %
Bank of N.S.W. .... 12 %	Midland Bank .... 12 %
Banque Belge Ltd. .... 12 %	■ Samuel Montagu ...... 12 %
Banque du Rhone et de la Tamise S.A. 12½%	■ Morgan Grenfell ...... 12 %
Barclays Bank .... 12 %	National Westminster 12 %
Beneficial Trust Ltd.... 13 %	Norwich General Trust 12 %
Bremar Holdings Ltd. 13 %	P. S. Refson & Co. ...... 12 %
Bristol & West Invests. 13 %	Ryl. Bk. Canada (Ldn.) 12 %
Brit. Bank of Mid. East 12 %	Slavenburg's Bank ... 12 %
■ Brown Shipley 12½%	E. S. Schwab .... 13 %
Canada Perm't Trust... 13 %	Standard Chartered ...‖12 %
Cayzer Ltd. .... 12 %	Trade Dev. Bank ...... 12 %
Cedar Holdings .... 12 %	Trustee Savings Bank 12 %
■ Charterhouse Japhet... 12 %	TCB Ltd. .... 12 %
Choulartons .... 12 %	United Bank of Kuwait 12 %
C. E. Coates .... 12 %	Whiteaway Laidlaw ... 12½%
Consolidated Credits... 12 %	Williams & Glyn's ...... 12 %
Co-operative Bank ......*12 %	Wintrust Secs. Ltd. ... 12 %
Corinthian Secs. .... 12 %	Yorkshire Bank .... 12 %
The Cyprus Popular Bk. 12 %	■ Members of the Accepting Houses Committee.
Duncan Lawrie .... 12 %	* 7-day deposits 9%, 1-month 9½%. Short term £4,000/12 months 11.85%.
Eagil Trust .... 12 %	
E. T. Trust Limited ... 12 %	
First Nat. Fin. Corp.... 14 %	† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
First Nat. Secs. Ltd. ... 14 %	
Robert Fraser .... 12 %	‡ Call deposits £1,000 and over 9%.
Antony Gibbs .... 12 %	
Greyhound Guaranty... 12 %	§ Demand deposits 9½%.
Grindlays Bank ....‡12 %	‖ 21-day deposits over £1,000 10½%.

WORLD STOCK MARKETS

Wall St. easier in slack trading

STOCKS EASED in lacklustre trading on Wall Street yesterday as worries about the direction of interest rates continued to restrain buying.

By 1 pm the Dow Jones Industrial Average shed 1.15 to 995.62, for a net loss of 0.57 on the week, while the NYSE All Common Index, at $77.09, was off 2 cents on the day but up 34 cents on the week. Declines led advances by a seven-to-six majority in a volume of 29.74m (33.33m) shares.

Analysts said interest rate worries were fuelled by the statement of a Salomon Brothers economist that rates would decline briefly and then soar to record highs over the next 12 months.

Other analysts said the Senate's approval of the Reagan Budget had little impact because Government spending changes are seen only as a long-term factor. Investor concerns are focused on Reagan's tax cut proposals, which they believe could fuel inflation if passed.

Although the Blue Chip Oils were generally trading lower, prices of many of the smaller Energy stocks contradicted the market as a whole and showed sharp gains.

Quaker State Oil advanced $1¾ to $17½, Pennzoil $1⅛ to $44½, Patrick Petroleum $1⅛ to $17⅝, Geo International $2⅜ to $43⅞ and Belco Petroleum $1¼ to $32½.

Amax strengthened $3¼ to $56½—Williams Company and Francana Oil have each offered to buy Amax's 30 per cent stake in Adobe Oil and Gas.

Diamond Shamrock were up $¾ to $37½—Diamond and Texasgulf had ben the subject of takeover rumours, and Elf-Aquitaine yesterday offered $50 a share for any, and all, Texasgulf shares. Texasgulf was halted at $37½.

THE AMERICAN SE Market Value Index was up 3.43 to 377.84 on a volume of 4.5m (4.0m) shares.

Natural Resource stocks led the rally. Page Petroleum were up $1⅝ to $19⅞, Hudson's Bay Oil $1¼ to $31¼, Crystal Oil $1⅛ to $25⅞ and Texaco Canada $1⅛ to $31⅛.

Closing prices for North America were not available for this edition.

Canada

Stock prices were mixed yesterday around noon, with investor attention centred on takeover news. The Toronto Composite Index gained 12.7 to 2,366.6.

The Oil and Gas Index rose 91.3 to 5,174.2 and Metals and Minerals 0.5 to 2,322.2, but Golds shed 22.8 to 3,689.4 and Utilities 4.88 to 264.53.

Active Seagram advanced $3¼ to $67¾—it is bidding for up to 41 per cent of Conoco. Cities Service called off its merger talks with Conoco.

Trading in Aquitine Company of Canada was halted. Canada Development agreed to buy 75 per cent of Aquitaine from Elf-Aquitaine. Trading was to resume later.

Germany

Share prices ended mixed in quiet trading, but most recovered from early lows.

Chemicals were mixed to lower, with BASF falling DM 2 to 137 after telling shareholders that 1981 earnings remain pressured despite a 14 per cent rise in turnover in the first half year.

Steels failed to receive an impulse from the European Community decision Thursday to eliminate all Government steel subsidies by 1985, thought to be too long a waiting period by dissatisfied West German steel producers.

On the Domestic Bond Market, Public Authority issues held generally steady, and the Bundesbank sold about DM 3.9m to smooth the market. But prices of other Bonds fell.

Tokyo

The Market Average gained 33.16 to a record 7,726.00, after briefly touching 7,733.98 on selective bargain hunting in Motors, Drugs, Light Electricals and Machineries.

But trading was slow at 320m (270m) shares, with many investors worried by the high outstanding balance of purchases in Margin Trading.

The initial rise in the Average was pared towards the close by falls in Steels, Shipbuildings, Heavy Electric Machines and Oils on profit-taking.

Video Cassette Recorder makers were all higher, and issues related to other high technology, such as Optical Fibres, Machine Tools and Industrial Robots, were also bought selectively.

Hong Kong

Firmer with "second liners" leading the gains, while the Hang Seng Index rose 24.48 to 1,707.57.

Carrian Investment firmed 40 cents to HK$12.50, Hopewell 50 cents to HK$21, Sun Hung Kai Properties 40 cents to HK$18 and Trafalgar 60 cents to HK$7.

Australia

A slump in International Gold prices and an unfavourable view of plans by MIM to boost its Australian equity translated into a sharp reversal for stocks.

Gold Producer BHP declined 25 cents to A$14.30 to help push the All Ordinaries Index 6.1 lower at 700.1.

However the main casualty among Mining leaders was MIM Holdings, which announced late Thursday that it will spend A$180m buying shares in its U.S. parent, Asarco Inc. Asarco in turn would sell 10 per cent of its MIM holding to Australian buyers. Dealers seemingly disapproved the deal and MIM shares slumped 40 cents to A$4.25.

Conventional Oils strengthened on reports that Saudi Arabia will cut back production, but Shales were sold.

Kitchener fell 20 cents to A$2.60, CN Gold 10 cents to A$6.80, Australian Development 10 cents to A$1 and Poseidon 15 cents to A$4.20.

In Oil Explorers, Magellan gained 10 cents to A$0.20, Basin 10 cents to A$2.30 and AOD 8 cents to A$1.40.

Johannesburg

All sectors lost ground in one of the heaviest selling days of the year. The fall in the bullion price below $450 an ounce unsettled investors in Gold shares, and the bearish sentiment spread to other sectors.

The Financial Rand was surprisingly firm, closing at a mid-rate just below 83 U.S. cents, despite a sharp drop in the Commercial Rand rate below $1.14.

Singapore

In what one broker described as "a confusing day," share prices showed little movement and closed mixed to marginally higher. But the Straits Times Industrial Index continued to edge upward, finishing at a record 973.26, up 2.31 and setting the eighth consecutive record-breaking performance.

Switzerland

Mixed to lower after a very quiet session.

Investors appeared unsettled by constant shifts in short-term rates. The fact that shares held relatively steady is largely due to the underlying strength of the Swiss franc against other major European currencies on the Foreign Exchange, traders said.

Banks were generally weaker and Industrials mixed.

Paris

Prices were marked down across a wide front at the end of a relatively calm pre-weekend session. Declines outnumbered gains 110-to-72 in the French section, while among Foreign issues advances led 30 to 25.

Traders said the weakness of the Paris market in the past two days has been, to a large extent, due to selling orders from abroad. There was some support Friday by Institutional investors and by specialised Mutual Funds, however.

Indices

NEW YORK —DOW JONES

	June 25	June 24	June 23	June 22	June 19	June 18	1981 High	1981 Low	Since Cm'pil't'n High	Since Cm'pil't'n Low
◆Industr'ls	995.77	999.35	1006.66	994.20	996.19	995.15	1024.05 (27/4)	951.57 (15/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	61.03	61.38	61.42	61.57	61.55	61.57	65.78 (16/1)	58.57 (7/5)	—	—
Transport.	422.29	424.85	425.58	422.22	420.25	417.84	447.38 (16/4)	379.18 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	109.59	109.92	111.07	110.16	110.26	110.75	117.81 (5/1)	103.99 (5/6)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	45,920	48,850	51,840	41,790	48,450	48,400	—	—	—	—

◆Day's high 1007.99 low 992.58

Ind. div. yield %	June 19	June 12	June 5	Year ago (approx)
	5.48	5.48	5.62	6.07

STANDARD AND POORS

	June 26	June 24	June 23	June 22	June 19	June 18	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	149.22	148.98	149.89	148.06	148.46	147.84	157.02 (8/1)	145.73 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	132.81	132.66	133.35	131.95	132.27	131.64	138.12 (6/1)	125.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	June 24	June 17	June 10	Year ago (approx.)
Ind. div. yield %	4.74	4.73	4.76	4.99
Ind. P/E Ratio	8.98	9.51	9.46	7.79
Long Gov. Bond yield	12.92	12.48	12.56	9.77

N.Y.S.E. ALL COMMON

June 25	June 24	June 23	June 22	1981 High	1981 Low
77.11	77.00	77.42	76.59	79.14 (6/1)	72.45 (20/2)

Rises and Falls	June 25	June 24	June 23
Issues Traded	1,903	1,880	1,919
Rises	699	537	969
Falls	778	932	575
Unchanged	426	411	375
New Highs	40	40	51
New Lows	16	10	15

MONTREAL

	June 25	June 24	June 23	June 22	1981 High	1981 Low
Industrials	403.83	(c)	402.05	402.48	409.56 (27/5)	356.29 (20/2)
Combined	371.85	(c)	370.72	370.64	375.16 (27/5)	339.34 (20/2)
TORONTO Composite	2363.9	2347.0	2351.8	2358.2	2378.8 (10/4)	2151.4 (20/2)

	June 26	June 25	June 24	June 23	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	700.1	706.2	706.8	701.3	737.3 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	583.4	590.8	601.5	590.3	765.2 (7/1)	564.9 (3/3)
AUSTRIA Credit Aktien (2/1/62)	60.09	60.02	60.44	60.24	66.43 (5/1)	59.69 (10/6)
BELGIUM Belgian SE (31/12/63)	75.27	75.34	73.75	75.00	85.15 (17/2)	69.53 (19/6)
DENMARK Copenhagen SE (1/1/73)	113.4	112.03	112.23	111.79	113.4 (26/6)	95.88 (2/1)
FRANCE CAC General (29/12/61)	81.0	81.8	82.6	82.0	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	82.1	82.4	84.7	84.0	105.8 (13/3)	79.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	238.64	239.33	241.16	241.16	241.16 (25/6)	216.88 (8/2)
Commerzbank (Dec. 1953)	732.9	736.5	745.6	742.9	745.6 (24/6)	686.4 (16/2)
HOLLAND ANP-CBS General (1970)	95.3	95.6	96.2	95.7	96.2 (24/6)	85.7 (2/1)
ANP-CBS Indust. (1970)	75.1	75.0	75.6	76.0	76.4 (22/6)	62.8 (2/1)
HONG KONG Hang Seng Bank (31/7/64)	1707.57	1683.09	1708.90	1708.95	1780.55 (12/6)	1285.44 (11/3)
ITALY Banca Comm Ital (1972)	231.63	234.08	230.00	213.88	292.03 (3/6)	173.38 (6/1)
JAPAN Dow Average (16/5/49)	7726.0	7692.84	7706.61	7705.41	7726.0 (26/6)	6956.52 (13/3)
Tokyo New SE (4/1/68)	578.25	575.21	576.18	576.56	578.51 (17/6)	495.78 (5/1)
NORWAY Oslo SE (1/1/72)	115.25	114.64	115.12	115.02	127.57 (4/5)	110.34 (5/6)
SINGAPORE Straits Times (1966)	973.26	970.95	965.30	959.11	973.26 (26/6)	858.51 (2/1)
SOUTH AFRICA Gold (1958)	—	544.7	555.1	648.2	797.6 (7/1)	544.7 (25/6)
Industrial (1958)	—	615.4	620.5	621.8	653.5 (1/6)	537.2 (3/2)
SPAIN Madrid SE (30/12/80)	137.70	137.42	136.59	136.57	141.40 (17/6)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	574.47	573.53	563.45	556.57	574.47 (26/6)	404.17 (20/1)
SWITZERLAND SwissBankCpn. (31/12/58)	287.2	287.4	288.0	286.6	304.2 (2/4)	279.8 (27/6)
WORLD Capital Intl. (1/1/70)	—	155.5	156.1	156.4	162.8 (6/1)	149.3 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Bankamerica	1,014,800	25⅞	−¾	Exxon	443,000	35⅞	+⅛
Armco	796,700	35⅞	+⅝	IBM	430,100	59	−½
Sony	664,100	20⅞	−½	Madison Fund	406,300	20⅝	—
Diam. Shmrck.	568,700	36¾	+2⅞	Texasgulf	403,400	37½	−¾
Std. Oil Calif.	502,400	37¾	+¾	Union Oil	372,200	35	+1

Norway appoints Reksten commission

By Fay Gjester in Oslo

NORWAY'S Government yesterday appointed a three-man commission of inquiry into the affairs of the Reksten shipping group and the government-backed Guarantee Institute for Ships and Drilling Rigs (GI), whose loan guarantees have kept the Reksten group afloat since the mid-1970s.

According to an official statement, the commission's members are to "go through and evaluate all significant circumstances" relating to the Norwegian auhtorities' dealings — either directly, or through the GI—with the shipping group and its late owner, tanker tycoon Mr Hilmar Reksten.

The Government does not intend the commission to pass judgment about whether punishable offences have been committed or whether grounds exist for a damages suits "or other sanctions." Nor do its members have a mandate to query decisions reached by the courts or the prosecuting authorities.

The three man commission is to be chaired by a Trondheim judge, Mr Mats Stensrud. Its other two members are Mr Per Palmer, of the Orkla industrial group, and Mr J. E. Jacobsen, of the Sig Bergesen shipping concern.

The Government has authorised them to question all relevant witnesses "according to the court rules of evidence." Civil servants may, when being questioned, ignore their confidentiality obligations.

The Government assumes that "in general" the commission's meetings will be held in camera.

NordLB warns of further heavy Rollei losses

BY STEWART FLEMING IN FRANKFURT

NORDDEUTSCHE Landesbank, the West German which has already written off loans worth over DM 600m ($245m) which it made to the failed Rollei camera company, is facing further losses of over DM 100m from existing loans to the company.

The bank, which has total assets of over DM 45bn confirmed yesterday that although it had parted with its 99.7 per cent stake in the German Rollei concern to Deutsche Fotohandel earlier this year, it remains Rollei's principal creditor.

Potential losses in relation to Rollei have already been taken into account in preparing Nord LB's 1980 balance sheet, which will be published shortly and the bank says it does not need new capital.

The long term, and costly, support which Nord LB has given Rollei has in part been a case of a publicly owned banking institution supporting a company in order to try to avoid the social and political implications of its failure.

The political commitment to keep Rollei afloat, while no doubt reflecting both the hope and the judgment that it could survive against Japanese competition, also reflected a social judgment that every effort should be made to maintain employment. Publicly-owned Landesbanks are a natural vehicle through which such political decisions can be realised. Nord LB is owned by the government and savings banks and giro associations of the state of Lower Saxony.

Neither the bank nor the state of Lower Saxony's Economics Ministry were prepared yesterday to disclose details of their commitments to Rollei. The state of Lower Saxony has extended directly and indirectly guarantees of over DM 200m to cover loans to the camera company. A bank spokesman said that the scale of its outstanding commitments was a bank secret.

It was disclosed yesterday that the state of Lower Saxony also has a DM 25m direct exposure to Rollei as a result of a loan guarantee it has given the company. It also has outstanding an agreement to support Nord LB up to currently DM 180m in covering losses stemming from the Rollei loans.

Nord LB also disclosed yesterday that Herr Adolph Kratch, 46, the chairman of the bank, has resigned to become a partner in the Munich based private bank of Merck Finck.

Union fights Boussac wind-up

BY TERRY DODSWORTH IN PARIS

THE MAIN French textile union is preparing to do battle in the courts over any plan to wind-up the ailing Boussac-Saint-Freres group that does not take into account the assets of the parent Agache Willot group.

The union made it clear yesterday that it intends to fight to ensure the survival of BSF, which was put into receivership earlier this week.

It rejected the present judicial arrangements for the company as "scandalous," and said that it was studying a separate court action against the four Willot brothers who control the company.

Behind the union's reaction lies a long-running saga of skirmishes between the Willots and employees in the BSF organisation, formerly part of the industrial empire of the late M Marcel Boussac.

Relations between the two sides have never been easy, mainly because of the union view that the Willots were more interested in asset stripping *exercises than running indus*trial enterprises. This attitude was reinforced after the takeover of the Boussac interests in 1978, when the Willots pushed through a far-reaching reorganisation in which the company was severely trimmed and thousands of workers made redundant.

The union's tactics now are to bring the whole of the Agache Willot group affairs into the discussions about the future of BSF. Several parts of the group, mainly in the distribution sector, are continuing to earn profits, and the union wants to see these finances brought to bear on solving the BSF's plans.

The receivers have in the meantime given BSF a month's breathing space in which *trading will continue*, while salaries will be ensured from a special wages insurance fund.

It is unlikely that any solution will emerge, however, without some form of Government intervention in what is purely a judicial process at present. Given the promises of the new Socialist administration on preserving employment and helping the textile sector, the approach of the Government in tackling this problem will be scrutinised by the whole of the trade union movement.

Kashoggi sells Australian hotel chain

BY OUR SYDNEY CORRESPONDENT

SOUTHERN Pacific Hotel Corporation Holdings, the Australian-based hotel group, has been sold to Tan Sri Khoo Teck Puat, the Singapore-based businessman for A$105m (U.S.$120m), in one of the largest ever Australian property deals.

The sale takes the hotel group out of the ultimate control of the Kashoggi family of Saudi Arabia, which controls Triad International Corporation.

SPHCH owns Travelodge Australia, the biggest Australian hotel-motel chain, and operates an extensive accommodation chain in New Zealand, and across the Pacific area.

The sales was confirmed yesterday by Mr John Howard, the Federal Treasurer, the deal having received Foreign Investment Review Board approval this week.

Southern Pacific bought 52 per cent of Travelodge in 1972 and acquired the outstanding capital in 1977.

After a period of financial trouble the Travelodge chain two years ago embarked on an upgrading and streamlining scheme, that brought it a turnaround. Part of the streamlining included the selling of a number of hotels in Australia as the group shifted the base of its operations to city areas.

Rundle oil project uneconomic, Exxon says

By Our Financial Staff

THE RUNDLE oil shale project in Queensland cannot be developed economically at current world oil prices, according to Exxon's preliminary cost estimates, Mr Clifton Garvin, president, said in Sydney yesterday.

But he hoped that detailed tests would lower the estimated cost of developing Rundle. He stressed, however, that its geology is very different from Exxon's other shale project in Colorado.

Exxon's local unit, Esso Australia, is studying Rundle with Australia's Central Pacific Minerals and Southern Pacific Petroleum. The Rundle partners recently revised their work agreement on the project and dropped plans for a pilot plant after its estimated costs rose to more than A$2bn (U.S.$2.3bn) from A$700m.

Exxon thinks it is likely that other synthetic fuel projects such as tarsands and coal conversion will be delayed by the current low oil prices.

● Exxon has no intention of offering stock to the public in its wholly-owned unit Esso Australia, Mr Garvin said.

Peugeot sees 'difficult' year

By Our Financial Staff

PEUGEOT, the French car and truck maker, which posted a consolidated loss in 1980 of FFr 1.5bn ($265m) against a profit of FFr 1.8bn in 1979, is forecasting another "difficult" year in 1981.

The group's annual report says that 1981 should be considered a year of transition following the major restructuring effort decided at the end of 1980.

It notes, however, that during the first four months of this year the situation of certain foreign industrial subsidiaries, particularly the UK one, continued to improve, although this will only be reflected in the group's 1982 accounts.

Despite a drop in activity, the improvement in the operating condition of the group's French car manufacturing units has continued. Peugeot said that these encouraging results should not be extrapolated for the year as a whole.

Conoco shares trade below tender price

BY PAUL BETTS IN NEW YORK

SEAGRAM yesterday began its $2.55bn cash tender offer for a 41 per cent stake in Conoco, the ninth largest U.S. oil company and the country's second largest coal producer.

But Wall Street continued to express reservations about the outcome of the Canadian distiller's latest bid which led to the collapse on Thursday night to rival merger negotiations between Conoco and Cities Service, another large integrated oil company.

Trading in Conoco shares resumed on the New York Stock Exchange yesterday after a two-day suspension requested by the oil company. But when the shares opened they rose relatively modestly by $2 to $64.

Seagram, whose earlier $2bn bid for a quarter of Conoco's stock was rejected by the oil company, is offering $73 a share for 35m Conoco common shares.

Nonetheless, the general feeling among oil industry analysts yesterday was that Conoco shareholders were expected to tender their shares to Seagram just as they did last month when Dome Petroleum of Canada offered $65 a share for 22m Conoco shares.

Seagram indicated yesterday it was interested in Conoco for its U.S. oil and gas properties and the Murchison field in the North Sea as well as Conoco's huge 14bn ton coal reserves.

Overseas subsidiaries lift Yamaha Motor net profit

BY YOKO SHIBATA IN TOKYO

YAMAHA MOTOR Company, the Japanese motorcycle manufacturer, increased its net profits by 42.6 per cent in the year to April 30, to Y8.58bn ($38.6m), from the Y6.02bn of 1979-80, on sales up 26 per cent to Y433bn, from Y343.47bn. Operating profits rose only 1 per cent to Y14.46bn mecause of a rise in costs. Higher dividends from overseas subsidiaries gave the sharp boost to net profits.

The dividend is held at Y10 a share on earnings per share of Y69.17 against Y55.78.

In the current fiscal year, Yamaha aims to lift sales of motorcycles by 569,000 units to 3m, with domestic sales accounting for 1m and exports for 2m. Overall sales are forecast at Y500bn, up 15.5 per cent, with exports rising 16 per cent to take a share of 68 per cent.

Sales of motorcycles in 1980-1981 were up 27 per cent to 2.43m units, of which domestic sales accounted for 900,080, up 24 per cent, and exports accounted for 1.53m units, 28 per cent. Motorcycles sales in value rose by 38 per cent to account for 67.2 per cent of the total. Boats and outboard engines sales came to Y49.441bn, down Y41m on the year, a fall attribute dto sluggish domestic sales.

Exports increased 29 per cent, to account for 67.6 per cent of total turnover. Domestic sales gained 19.9 per cent, for a share of 32.23 per cent in the total.

An upsurge in material prices lifted the proportion of costs to sales by 4 per cent to 83.5 per cent.

Counter-bid for Adobe stake

BY OUR FINANCIAL STAFF

HUDSON BAY Mining and Smelting has stepped into the bidding for Amax's 30 per cent interest in Adobe Oil and Gas of the U.S. with a cash offer worth about $123m, an advance of about $18m on a previous offer by Williams Companies, the fertilisers, metals services and oil and gas exploration group, which is based in Tulsa, Oklahoma.

The Canadian mining company made the offer of $28 a share through its subsidiary, Francana Oil and Gas, in which it has a 55 per cent interest.

No reaction to the cash offer has yet been received from Amax which had said earlier that it was selling the stake after it had failed to reach agreement with Adobe on merger proposals.

Williams Companies said at the time of its offer for the Adobe stake, that it was holding talks with the company to find out if any mutually beneficial association could be reached.

Williams holds 27.5 per cent of Peabody Coal Company, the largest coal producer in the U.S.

Japanese banks get more foreign freedom

By Richard Hanson in Tokyo

MEASURES to allow Japanese City banks greater freedom in operating overseas subsidiaries have been announced by the Ministry of Finance.

City banks will be allowed to guarantee the foreign currency bond issues of their subsidiaries abroad, and to hold 100 per cent of the equity in subsidiaries engaged in the securities business in foreign capital markets. Permission, however, will still be on a case-by-case basis.

Specifically, the Ministry has granted, as had been expected, permission for Sanwa Bank and Sumitomo Bank to guarantee dollar denominated capital note issues by their respective Hong Kong subsidiaries.

Sumitomo Bank, meanwhile, has been given permission to acquire the remaining 30 per cent share held by Credit Suisse-First Boston in its London subsidiary, Sumitomo Finance International. previously the Ministry restricted full ownership in cases where the subsidiary of a City bank engaged in the securities underwriting business overseas. This rule was established in 1974

Sumitomo's partnership in the London company dates back to an agreement with the White Weld, which was absorbed by Credit Suisse-First Boston. The latter agreed with Sumitomo several years ago to allow the Japanese partner to take over 100 per cent ownership pending approval by the authorities in Japan.

The change in guidance from the MOF does not lift the restrictions on Japanese bank subsidiaries becoming lead managers of foreign bond issues by Japanese companies, however.

COMMODITIES/REVIEW OF THE WEEK

Cocoa price upsurge on world pact hopes

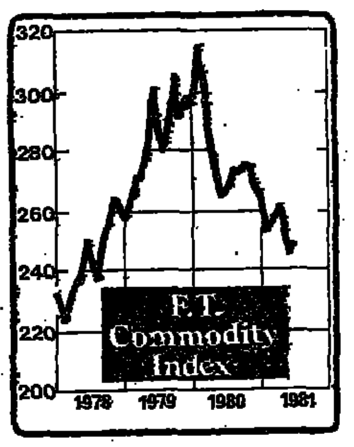
BY OUR COMMODITIES STAFF

COCOA PRICES jumped the permissible limit up on the London futures market yesterday, following official confirmation that West Germany was prepared to drop its opposition to joining the International Cocoa Agreement. The EEC will now be able to go ahead with plans to support the provisional application of the Agreement at the talks called by the UN in Geneva on Monday.

Until now West Germany has blocked EEC membership of the pact, following the refusal of the Ivory Coast to join since it claims the absence of both the *biggest producer* and the biggest consumer (the U.S.) will make the *Agreement* unworkable.

However *it has been* persuaded to change its mind with the hope that increased pressure will be put on the Ivory Coast to join even though it considers the Agreement's "floor" price of 110 cents a pound too low. Current market prices are 75 cents, so if the Agreement came into force immediately there would have to be substantial buying by the buffer stock to raise prices.

It was noted, however, yesterday that when cocoa prices advanced strongly (with the September position reaching a peak of £880) this attracted selling by producers and



September eventually closed at £867.5 a tonne, £44 up on the day and £67 up on a week ago. Earlier in the week cocoa fell to a new 5½-year low of 789.5 on Tuesday before rallying sharply encouraged by rumours that the Ivory Coast had sold out its current crop.

In contrast coffee values continued to decline this week reaching the lowest levels for 5½ years. On the London Robusta futures market the September position lost a further £24 yesterday to close at £736.5 a tonne, £62.5 down on a week ago.

Although the International Coffee Organisation is expected to approve a further 1.4m bags export quota cut at its meeting next Tuesday, traders are more worried about whether export quotas can be agreed for the 1981-82 season starting in October.

Silver prices dropped to the lowest level for over a year this week. The London bullion spot quotation was cut yesterday at the morning fixing to 474.05p a troy ounce, 29.9p down on the week. The decline reflected the falls in gold and platinum.

Opposition to the proposed stockpile silver sales is reported to be building up in Congress. But demand for silver remains at a low ebb in common with industrial metals, notably aluminium and copper.

London prices for these metals were held up by the decline in the value of sterling against the dollar, but U.S. producers cut their domestic copper selling prices by 2 cents to 83 cent a pound.

Lead prices were steady in spite of workers at St Joe Minerals mining and milling plants in Missouri agreeing to end their 12-week-old strike.

The stoppage at Amax lead plants continues however. There is also reported to be a scarcity of immediately available supplies of lead developing and this boosted the cash price.

Cash zinc touched a new four-year high this week but then fell back as the squeeze on nearby supplies eased. The three months quotation held steady in spite of Japan deciding to release 13,000 tonnes of the 15,000 tonnes Government held stockpile.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1981 High	1981 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£760/70
Free Markets c.i.f.	$1180/1210	—35	$1,680/780	$1500/1530	$1215/245
Antimony					
Free Market 99.6%	$2775/2875	—25	$3,280/330	$3200/3250	$2775/875
Copper Cash Wire Bars	£863.25	+4.75	£838	£879.25	£755
3 months Do. Do.	£887.75	+5.5	£865.75	£903.25	£777.5
Cash Cathodes	£855.75	+5	£813	£874	£748.5
3 months Do.	£878.25	+6	£841	£893.5	£765.5
Gold per oz.	$444	—14.5	$637.5	$601	$444
Lead Cash §	£372	+3.25	£329	£377.75	£273.75
3 months §	£374.75	—1	£338	£380.25	£285.25
Nickel	£3,504.50	—	£3,248.35	£3,504.5	£3,156
Free Market c.i.f. lb.	275/285c	—	275/300c	295/310c	275/285c
Platinum per oz.	£247	—	£182.56	£247	£202
Free Market per oz	£219.20	—4.9	£280.40	£243.40	£185.60
Quicksilver (76lbs.)	$420/430	—	$380/390	$430/435	$355/365
Silver per oz	474.05p	—29.90	695.10p	671.30p	474.05p
3 months per oz.	487.70p	—30.85	721.30p	695.70p	487.70p
Tin cash	£6,427.5	—15	£7,415	£6,680	£5,700
3 months	£6,562.5	—5	£7,365	£6,809.5	£5,865.5
Tungsten Ind.	$145.09	—	$159.82	$149.08	$140.56
Wolfram (22.04 lb).	$148/150	+1	$143/146	$151/155	$142/145
Zinc cash	£430.5	—7.5	£284.5	£445.5	£306.5
3 months	£435.75	+0.5	£297.25	£440.75	£318.25
Producers	$925	—	$780	$925	$823
GRAINS					
Barley Futures	£94.95w	—0.10	£95.95	£102.80	£94.40
Maize French	£127.25 v	—	‡	£127.5	£119.75
WHEAT Futures	£100.30 w	+0.35	‡	£121.10	£99.55
Hard Winter Wheat	£105.95 v	—	£95.00	£114.25	£102.0
SPICES					
Cloves (g)	£4,750y	—	£3,875	£4,750	£3,800
Pepper, white	$1,950y	—150	$2,300	$2,150	$1,950
" black	$1,325y	—	$1,650	$1,650	$1,325
OILS					
Coconut (Philippines)	$565y	—20	$840	$640	$525
Groundnut 5%	‡		‡	‡	‡
Linseed, Crude	£442	—	£409	£460	£400
Palm Malayan	$510u	—10	$540	$645	$560
SEEDS					
Copra (Philippines)	$355y	—15	$430	$430	$350
Soyabeans (U.S.)	$285.75 v	—7.25	$272	$340	$285.75
OTHER COMMODITIES					
Cocoa Shipment§	£938	+67.0	£1,122	£1,091	£850
Cocoa Futures Sept.	£867.5	+67.0	£1,065.5	£997.5	£789.5
Coffee Futures Sept.	£756.0	—62.5	£1,559	£1,083.5	£734.5
Cotton Index	87.05c	—0.45	83.00c	101.15c	85.70c
Des Coconut	£680	—	£710	£680	£640
Gas Oil Fut. July	$285.75	+7.75		$307.5	$258
Jute LA ABW C grade	£230y	—	£269	£230	£219
Rubber kilo	59p	—1.5	59.5p	62p	51.5p
Sago Pearl	£218y	—	£207	£218	£197
Sisal No. 1	$730	—20	$885	$780	$730
Sugar (Raw)	£204yu	—2	£305	£316	£168
Tapioca No. 1	£215y	—	£205	£215	£207
Tea (quality) kilo	126p	+4	149p	125p	117p
(plain) kilo	80p	—	71p	77p	68p
Wooltops, 64s Warp	361p kilo	—	290p kilo	361p kilo	294p kilo

‡ Unquoted. (g) Madagascar. (y) June/July. (u) Aug. (w) Sept. (v) July. *Nominal. § Ghana cocoa.

MARKET REPORTS

BASE METALS

BASE METAL prices were quietly steady on the London Metal Exchange, with weaker sterling helping prices in the morning and its renewed strength later depressing prices.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3190-5	-53.5	3170-80	+25
3 months	3310-5	+42.5	3190-5	+12.5

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

some shortcovering. New crop wheat saw fairly steady buying interest from commercial sources in the morning, but hedge selling pressure eased the market to close down. Barley saw a good trade with some buying support for Jan and March options but hedge selling pressure eased values in the afternoon to close lower on the day. Acli reports.

COCOA

COFFEE

RUBBER

SOYABEAN MEAL

GAS OIL FUTURES

SUGAR

GRAINS

AMERICAN MARKETS

NEW YORK, June 26.

PRECIOUS METALS and copper were under pressure from technical selling and finished lower. Coffee finished moderately lower when five year lows failed to attract any buying interest. Cotton sold off sharply as weather in the producing districts improved.

Live Hogs—July 54.00-53.75 (55.12), Aug. 53.75-53.85 (55.25), Oct 51.72, Dec 54.00, Feb 54.90-54.90, April 53.95, June 55.90, July 57.70, Aug 56.90

‡‡Maize—July 327½-328 (332½), Sept 337-337½ (340¼), Dec 344½-341½, March 358-358¼, May 366-365¼, July 371.

Thursday's closing prices

INDICES

FINANCIAL TIMES

MOODY'S

DOW JONES

REUTERS

WOOL FUTURES

POTATOES

BANKS, DISCOUNT (660)

BREWERIES (352)

COMMERCIAL (5,211)

A—B

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those shares in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. ○ Bargains done previous day. SA—SAustralian; SB—SBahamian; SC—SCanadian; SHK—SHong Kong; SJ—SJamaican; SMa—SMalayan; SMe—SMexican; SNZ—SNew Zealand; SS—SSingapore; SUS—SUnited States; SWI—SWest Indian.

Delta Gp. 45½ 6 ½
Dertend Stamping (50p) 93 5
Derritron (10p) 10 ½ 1 2
Desoutter Bros. (Hldgs.) 102 12
Dewhirst (I.J.) Hldgs. (10p) 78 9. New (10p) 78 9 80
Dewhurst Partner A Non-vtg. (10p) 10
Dewhurst Dent (20p) 12
Diamond Stylus (10p) 14 5 (23/6)
Dickie (James) (Drop Forgings) (10p) 30 (23/6)
Diploma (10p) 195 6 7 8 200
Dixons Photographic (10p) 157 8 9½ 60 2 3
Dixor-Strand (5p) 13 (23/6)
Dobson Park Indust. (10p) 96½ 7 8
Dom Hldgs. (10p) 57
Dorada Hldgs. (25p) 33

Goodman Bros. Stockman (5p) 11½
Gordon (Luis) Gp. (10p) 34 7
Grampian Hldgs. 68
Granada Gp A 243 4 5 ½ 6 8
Grand Metrop. (50p) 215 6½ 6 ½ 7 8 9
Grattan W'houses 90 1 2 ¼ 4
Gt. Universal Stores 440. A 430 2 3 4 5 6 7 9½ 40 1 2 4
Greatermans Stores A (R0.50) 470○
Greenbank Indust. Hldgs. (10p) 24½ (23/6)
Greenfields Leisure (10p) 37½
Green's Economiser Grp. 114. New 111 4
Greenbank Hldgs. (10p) 150
Group Lotus Car Cos. (10p) 35
Grovebell Grp. (5p) 6½
Guest Keen Nettlefolds 151 2 3 4 5 6 7

Geers Gross (10p) 115 29 30 2. New (10p) (fp 31/8/81) 29. New (10p) (Nil pd 10.7.81) 39 41
Gelfer (A. J.) (20p) 54 (22/6)
Gen. Elec. 697½ 7 8 700 2 3 4 5 7 8 10 3
Gen.Elec. Overs Cap. Cpn. 5½pcLn. 90½
Gestetner Hldgs. 86○. Cap. 80○. A Ord. 80 1. A Ord. Cap. 85 (22/6). 10pcLn. 70½ 1 ½
Gibbs Dandy Non-vtg A (10p) 19 (23/6)
Gieves Gp (20p) 32 4
Gill Duffus Gp. 192 3 4 5 6½ 7
Glasgow Pavilion (10p) 36½
Glass Glover Gp. (5p) 96 7 (24/6)
Glaxo Hldgs. (50p) 360 2 3 4 5½ 5 6 7
Gleeson (10p) 90 2
Glossop (W. J.) 60 (24/6)
Glynwed 89 ½ 90. 6pcUnscd.Ln. 68
Gnome Photographic Prods (10p) 54
Goldberg (A.) Sons 69
Goldman (H.) Gp. (10p) 39 (24/6)
Gomme Hldgs 34
Goodkind (W.) Sons (10p) 42 3

Kakuzi 45 (23/6)
Kalamazoo (10p) 65½
Kean Scott 43 4 6
Kelsey Ind. 139 (23/6)
Kennedy Smale (10p) 126 (24/6)
Kenning Motor Grp. 71 ½ 2½
Kent (M.P.) (10p) 139○
Kershaw (A.) (5p) 3½ 2 8
Kitchen (Robert) Taylor (10p) 130○
Kleen-E-Ze Hldgs. 76○
Kode Int. 292 5 8 304
Kursaal 100 (19/6)
Kwik-Fit (10p) 102 ½ 3 ½ 4 5½ 5 6
Kwik Save Discount Group (10p) 217 8 9 20

L—M

L.C.P. Hldgs. 56 9 70
L.K. Inds. Inv. 29 (24/6)
LRC Intnl. (10p) 42½ 3
LWT (Hldgs.) A 98 ½
Ladbroke Group (10p) 165 6 ½½ 8 9 ½½. New (10p) 166 7 8 9 70
Ladies Pride Outerwear (20p) 54 ½ 5
Laing (J.) 45 (23/6). A 40 1 3 4

J. Hadland £66,000 loss

JOHN HADLAND HOLDINGS, the small manufacturer of very-high-speed cameras, reports a loss for the half year to April 30, 1981 of £66,000 compared with a profit of £229,000.

After a tax credit of £34,000 (£46,000 debt), the loss per share was 1.1p compared with earnings of 5.7p. Turnover was £1.75m (£2.28m).

An interim dividend of 0.83p, one-third of the forecast total for the year, has been declared.

The board says the recession has affected all activities but if indicated market recoveries continue then it anticipates achieving profits in the second half comparable to the level of profits earned in the first half of 1979-1980.

● comment

John Hadland's interim loss was a bolt from the blue and the shares tumbled 65p to 155p late yesterday afternoon, showing how frail the support can be for USM high flyers. Is this the long-awaited first USM casualty? Probably not. The group makes very-high-speed cameras and distributes graphic art systems. Customer orders tend to be few and large, leading to possible sharp fluctuations in results on such a low turnover base. This could become a common and unsettling occurrence among some small companies in the USM. Hadland expects a good pick up in the second half but its forecast will disappoint shareholders. If the group makes about £160,000 in the year, the prospective fully taxed p/e is an astronomical 62.

Interest keeps Fortnum's in the black

An abrupt downturn in retail spending severely affected the pre-tax profits of **Fortnum and Mason**, the Piccadilly, London, department store. In the 53 weeks to January 31 1981 profits fell from £578,000 to £119,000 and this included interest received amounting to £441,000 compared with £430,000.

Turnover for the year was little changed at £8.42m (£8.33m).

There was a tax credit of £306,000 in the previous year, leaving attributable profits higher at £302,000 (£273,000). The final dividend is unchanged at 19.72p for a same-again total of 23.32p.

Braid fails to show hoped-for improvement

The expected improvement in results at **Braid Group** did not materialise in the half-year to March 31 1981. This vehicle distributor went further in the red with losses of £223,657 against losses of £179,937.

Turnover in the first half fell from £22.1m to £17.97m. The loss was struck after interest charges lower at £282,057 compared with £557,309. Tax was unchanged at £1,500. There was a loss per 5p share of 3.81p (3.08p). No interim dividend is again being paid—last year's final was also passed, when a loss of £873,000 was incurred.

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OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
June 22	July 3	Sept. 24	Oct. 5
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2

For rate indications see end of Share Information Service

Demand for Options improved slightly and calls were taken out in **Rothmans, Premier Oil, Jessel Trust, FNFC, Hongkong Telephone, Target Petroleum, Tootal, ICL, Clyde Petroleum, James Finlay, Singlo, Woolworths, Associated Communications, Ladbroke, KCA, Tozer Kemsley and Millbourn, Royal Bank of Scotland, Amalgamated Distilled Products** and **Plessey**. No puts were reported, but doubles were arranged in **Meekathara** and **Elsburg**.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$450	111	16	25	35	1	55	$445
GOLD C	$475	135	7	540	22	55	38	"
GOLD C	$500	2	5.50	30	17	6	32	"
GOLD C	$525	116	4	17	11	—	—	"
GOLD C	$550	—	—	10	7	—	—	"
GOLD P	$450	22	20	17	25	2	30	"
GOLD P	$475	43	34	—	—	—	—	"
GOLD P	$500	4	58 B	11	58 B	—	—	"
GOLD P	$525	3	83 B	—	—	—	—	"
KLM P	F.100	—	—	20	2.20	—	—	"
KLM P	F.110	199	110 B	68	4.60	—	—	"
KLM P	F.120	109	4.50	—	—	—	—	"
KLM P	F.130	67	10	13	14 B	—	—	"
KLM P	F.140	40	18	—	—	—	—	"
NATN C	F.110	32	11	7	12.50	—	—	F.112.90
NATN C	F.115	11	5.50	5	6	—	—	"
NATN C	F.120	22	2.20 A	6	5	—	—	"
NATN C	F.125	—	—	20	3.50 B	31	3.80	"
NATN C	F.130	—	—	35	1.40	—	—	"
NATN P	F.110	—	—	5	0.70	—	—	"
NATN P	F.125	—	—	—	—	10	8	"
PHIL C	F.17.50	—	—	10	7.10 B	—	—	F.24.30
PHIL C	F.20	56	4.40	40	5.20	—	—	"
PHIL C	F.22.50	260	2.30	95	2.80	—	—	"
		Sept.		Dec.		March		
GM C	$60	5	1⅛	—	—	—	—	$54⅞
		July		Oct.		Jan.		
ABN C	F.300	—	—	—	—	11	16	F.298
ABN C	F.320	20	0.60	—	—	—	—	"
AKZO C	F.20	97	5.50 B	—	—	—	—	F.25.50
AKZO C	F.25	50	1.20	42	2.50	—	—	"
AKZO C	F.27.50	—	—	213	1.40	20	2	"
AKZO P	F.25	—	—	8	1	—	—	"
AKZO P	F.27.50	—	—	—	—	5	2.70	"
HEIN C	F.60	—	—	10	1.60	—	—	F.51
HEIN P	F.55	5	3.90 B	—	—	—	—	"
HOOG C	F.17.50	15	2 A	—	—	—	—	F.19
HOOG C	F.20	—	—	166	1.90	62	2.70	"
HOOG C	F.22.50	—	—	265	1.10	—	—	"
KLM C	F.110	63	13.50	—	—	15	27	F.122.50
KLM C	F.120	142	8	—	—	—	—	"
KLM C	F.130	22	4	12	12.50	—	—	"
KLM C	F.140	61	1.60 A	17	9	—	—	"
KLM C	F.150	20	0.90	91	6	—	—	"
PHIL C	F.25	553	0.60	392	1.80	76	2.80	"
PHIL C	F.27.50	—	—	95	1	256	1.70	"
PHIL P	F.22.50	—	—	45	0.50	20	0.80	"
PHIL P	F.25	60	1	55	1.50	—	—	"
RD C	F.90	69	1.30 B	40	4.50	23	6	F.87.30
RD C	F.95	14	0.50	—	—	—	—	"
RD C	F.100	50	0.20	173	1.20	20	3.20	"
RD C	F.110	—	—	10	0.90	—	—	"
RD P	F.80	47	0.50	26	2.50	—	—	"
RD P	F.90	57	3.30	—	—	—	—	"
		Aug.		Nov.		Feb.		
BASF C	DM.150	5	7	—	—	—	—	DM137
VW C	DM.170	41	6.50	—	—	—	—	DM177

TOTAL VOLUME IN CONTRACTS 6130

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

June 26 Total Contracts 1538 Calls 1369 Puts 169

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	320	10	25	20	23	32	10	316p
BP (c)	350	3	—	11	10	19	1	"
BP (c)	380	¾	—	6	7	10	24	"
BP (p)	320	9	40	16	1	23	—	"
BP (p)	350	36	7	38	2	40	27	"
CU (c)	160	10	5	18	6	24	—	162p
CU (c)	180	2	8	10	—	15	—	"
Cons. Gld (c)	460	7	1	23	1	35	—	430p
Cons. Gld (c)	500	2½	—	15	2	23	1	"
Cons. Gld (c)	550	1½	—	8	3	15	—	"
Court'lds (c)	60	8½	2	12	—	16	—	66p
Court'lds (c)	70	2	—	7	69	10	—	"
Court'lds (c)	80	1½	—	2½	—	5	10	"
GEC (c)	500	235	6	—	—	—	—	728p
GEC (c)	550	185	—	192	7	—	—	"
GEC (c)	650	85	108	105	1	128	—	"
GEC (c)	700	42	97	62	29	90	—	"
GEC (c)	750	10	85	35	25	55	—	"
Gr'd Met. (c)	140	78	15	83	15	—	—	216p
Gr'd Met. (c)	180	38	1	43	11	52	2	"
Gr'd Met. (c)	200	18½	14	28½	2	37	3	"
Gr'd Met. (c)	220	5	—	16½	52	24	1	"
ICI (c)	280	3½	69	26	2	36	3	276p
ICI (c)	300	3	—	14	127	24	—	"
Land Sec. (c)	390	14	1	32	—	44	—	396p
Land Sec. (c)	420	3	—	17	1	27	—	"
Mks & Sp (c)	110	16	10	23	—	—	—	124p
Mks & Sp (c)	120	7	15	15	—	21	—	"
Mks & Sp (c)	130	2	—	10	5	15	40	"
Mks & Sp (c)	140	½	13	5	3	9	—	"
Shell (c)	360	11	7	25	2	36	—	356p
Shell (c)	420	1½	—	9	9	13	—	"
Shell (p)	330	3	3	10	3	13	—	"
Shell (p)	360	10	4	22	—	32	—	"
		August		November		February		
Barclays (c)	390	45	10	57	—	67	—	420p
Barclays (c)	430	22	4	37	—	47	—	"
Barclays (c)	460	7	2	18	6	—	—	"
Imperial (c)	80	1½	16	3½	—	6	5	72p
Lasmo (c)	550	35	3	60	—	87	—	552p
Lasmo (c)	600	15	1	32	2	60	—	"
Lonrho (c)	90	7	25	10	2	14	—	92p
Lonrho (c)	100	2	—	4½	—	7	8	"
Lonrho (c)	110	1	—	3	5	—	—	"
Lonrho (p)	90	2½	10	4½	—	7	—	"
Lonrho (p)	100	9	1	10½	—	13	—	"
P & O (c)	130	4	11	10	—	13½	—	124p
P & O (c)	140	2	—	4½	5	8	—	"
Racal (c)	330	88	61	96	1	108	—	416p
Racal (c)	360	58	15	70	2	82	—	"
Racal (c)	390	31	121	46	2	63	3	"
Racal (p)	360	3	8	7	1	12	—	"
Racal (p)	390	8	39	11	21	16	2	"
RTZ (c)	460	65	1	90	—	108	—	516p
RTZ (c)	500	33	49	58	1	78	—	"
RTZ (c)	550	15	37	38	—	48	—	"

C=Call P=Put

C—D

E—F

G—H

I—J—K

N—O—P

Q—R—S

T—U—V

Valor 61 2 3 4 5 6
Vantona Grp. 114
Vectis Stone Grp. (10p) 35
Vibroplant Hldgs. 240 (23/6)
Vickers 165 6 7 ½ 8 9 70 1 ½½ 2 3 4½ 4 5
Victor Prods. (Wallsend) 155
Victoria Carpet Hldgs. 24
Vinten Grp. (20p) 269 72 5 6 80
Vitatron NV (Dfl.25) 70 (24/6)
Vosper 120

W—Y—Z

"W" Ribbons Hldgs. 12½
W.G.I. 90
Wace Gp. (20p) 22 5 (23/6)
Waddington (John) 120○
Wade Potteries (10p) 44○ 50

INSURANCE (355)

INVESTMENT TRUSTS (451)

FINANCIAL TRUSTS

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Assoc. Comms. A	53	+ 6	KCA	145	—12
Berkeley Exp.	343	—21	Lucas Inds.	206	+ 4
British Aerospace	237	+11	Plessey	334	+ 9
Doornfontein	822	—149	Racal Electronic	416	+12
Ferranti	575	+25	Randfontein	120½	— 2½
GEC	732	+17	Thorn EMI	394	— 6

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
Plessey	24	325	— 5	Vickers	14	168	— 7
Racal Elec.	22	404	+20	Westland	14	122	— 1
KCA	19	157	+ 4	Hambros Bk.	13	905	+10
Ass. Coms. A	18	47	—10	Premier Cons.	13	74	+ 2
BP New	16	46pm	—10	Press (Wm.)	13	70	+ 3
Trusthse. Forte	16	146	—10	Renold	13	54	—10
Royal Ins.	14	383	— 7	GEC	12	715	+12

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thurs. closing price pence	Change on week	Stock	No. of price changes	Thurs. closing price pence	Change on week
GEC	88	715	+45	RTZ	67	522	— 8
Racal Elect.	84	404	+42	Shell Trans	67	356	+18
First Nat. Fin.	80	33	—	ICI	65	284	+ 4
Plessey	78	325	+ 8	Thorn EMI	62	400	+20
Euro Ferls. Nw.	75	51pm	— 3	Lloyds Bnk.	60	383	+ 8
BP	68	318xr	— 5	Cmbridge. Elec.	59	87	+ 5
Barclays Bnk.	67	423	+ 3	Polly Peck	58	353	+ 8

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RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

* Denotes Irish currency.

Adnams B 935
All England Lawn Tennis Gnd. £50Dbs. 1981-85 £4,900 (23/6)
Arsenal FC £155 60 (19/6)
Aston Villa FA (1 vote) £11 (24/6)
Ayrton Saunders 25 (23/6)

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

Atlantic Resources 170 (23/6)
Berkeley Exploration and Production 341 2 3 5 6 ½ 7 50 1
Candecca Resources 176 9 80 2½ 3 4 6 7 8 ½ 9 90
Eglinton Oil and Gas 110 (23/6)
Energy Sources (Northern Ireland) 8 (Res. Vtg.) 23½
Marinex Petroleum 120 1 2 3 4 6½
Steaua Romana (British) 65 7 70
Sun Oil Co. UK 300 10 (25/6)

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	12½	½-year	1,000	1-3
Basildon (0268 22881)	13½	½-year	5,000	6-10

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Aid to Thrift	9.20	9.45	—	—
Alliance	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs., 9.50 3 months' notice
Anglia	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Bradford and Bingley	8.25	8.50	9.75	9.25 1 month's notice deposit
Bridgwater	8.25	8.50	10.00	10.50 5 yrs., 9.80 2½ yrs.
Bristol Economic	8.25	9.50	9.75	9.25 3 months' shares. Escalator shares 9.00-10.50 (1-5 years)
Britannia	8.25	8.50	9.75	10.00 5 yrs., 9.50 3 months' notice
Burnley	8.25	8.50	9.75	*10.50 5 yrs., 9.50 3 months' notice*
Cardiff	8.25	9.50	10.50	—
Catholic	8.25	8.75	9.75	— *8.95 over £5,000*
Chelsea	*8.25*	8.50	9.75	10.50 5 yrs., 9.90 1 yr., 9.50 3 months
Cheltenham and Gloucester	8.25	8.50	9.75	—
Cheltenham and Gloucester	—	9.50	—	— Gold Account. Savings of £1,000 or more (8.50 otherwise)
Citizens Regency	—	8.75	10.00	*10.75 5 yrs., 9.75 3 yrs., 9.25 1 yr.*
City of London (The)	8.50	8.75	9.60	9.41 9 mth. withdraw., increment sh.
Coventry Economic	8.25	8.50	9.75	10.00 4 yrs., 9.50 3 yrs., 9.25 3 mths.
Coventry Provident	8.25	8.50	10.50	10.55 av. 5 yr., 10.00 4 yr., 9.25 3 mths.
Derbyshire	8.25	8.50	9.75	8.75 to 9.25 3 months
Ealing and Acton	8.25	9.00	—	9.65 2 years, £2,000 minimum
Gateway	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Gateway	—	*9.50*	—	— *Plus a/c £500 min. Int. ½-yearly*
Greenwich	—	8.75	10.00	9.50 2 yrs., 9.75 3, 10.25 4, 10.75 5 yrs.
Guardian	8.25	8.75	—	10.00 3 mth., 10.50 6 mth., min. £1,000
Halifax	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Heart of England	8.25	8.50	9.75	— 3 mths. notice 9.25, 5 yrs. 10.50
Hearts of Oak and Enfield	8.25	8.75	10.25	10.00 4 yrs., 9.75 3 yrs., 9.50 2 yrs.
Hendon	8.75	9.25	—	10.25 6 months, 10.00 3 months
Huddersfield and Bradford	8.25	8.50	9.25	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs.
Lambeth	8.25	8.75	10.50	10.75 5 yrs., 10.50 6 mths.
Leamington Spa	8.35	8.50	11.50	10.10 (1 year)
Leeds Permanent	8.25	8.50	9.75	10.50 5 yrs., Optns. fm. 8.75 (6 mths.)
Leicester	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Liverpool	8.25	8.50	9.80	10.50 5 yrs., minimum £1,000
London Grosvenor	8.25	*9.00*	*11.00*	*9.50 6 months' notice*
Melton Mowbray	8.35	8.60	9.75	9.35 2 yrs., 10.10 4 yrs.
Mornington	9.10	9.60	—	—
National Counties	8.50	8.80	9.80	9.50 35 days' notice, Min. dep. £500 6 month 9.90
Nationwide	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.00 1 yr.
Newcastle	8.25	8.50	9.75	10.50 4 yrs., 10.00 3 yrs., 9.50 2 yrs.
New Cross	9.00	9.25	—	9.25-10.00 on share accs., depending on min. balance over 6 mths.
Northern Rock	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Norwich	8.25	8.50	10.00	9.50 3 yrs., *9.25 2 yrs.*, min. £500
Peckham Permanent	9.00	9.75	11.00	—
Portman	8.25	8.50	9.75	10.50 5 yrs., 9.55 6 months' notice
Portsmouth	8.60	8.80	*10.30*	*10.85 (5 yrs.), 10.25 (6 months)*
Property Owners	9.25	9.00	11.20	11.25 4 yrs., 11.00 6 mths., 10.50 3 mth.
Provincial	8.25	8.50	9.75	10.00 3 yrs.
Skipton	8.25	8.50	9.75	10.50 5 yrs., 9.60 wdl. 1 mth: loss int.
Sussex County	8.50	8.75	10.55	11.00-9.50 (6-2 yrs.), 9.25 2 mths. not.
Sussex Mutual	8.50	9.10	10.50	9.25-10.50 all with special options
Town and Country	8.25	8.50	9.75	10.50 5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Walthamstow	8.25	8.75	9.75	9.75 6 months' notice, min. £1,000
Wessex	8.25	9.25	—	10.25 min. 3 yrs., 6 mth. notice of wdl.
Woolwich	8.25	8.50	9.75	10.50 5 yrs., 8.75 6 mths.

* Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

The Treasury bill rate fell by 0.0872 per cent at yesterday's tender to 11.8780 per cent and the minimum accepted bid rose to £97.03 from £97.01. Bids at that level were met as to about 14 per cent. and above in full. The £100m of bills on offer attracted bids of £387.015m and all bills offered were allotted. Next week a further £100m of bills will be on offer replacing a similar amount of maturities.

Day to day credit was in adequate supply in the London money market as reflected in the official forecasts and there was no intervention by the authorities although discount houses were paying up to 12 per cent for secured call loans during the latter part of the day and interbank rates finished at 13 per cent. The market was faced with a moderate rise in the note circulation and a small number of commercial bills maturing in official hands. On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a moderate amount.

Interbank money started at 10¾-11 per cent and gradually moved up to 12-12½ per cent before coming back to 11-11½ per cent before late demand pushed closing balances up to 13 per cent.

EXCHANGES AND BULLION

The dollar lost ground in currency markets yesterday after showing a slightly firmer tendency in the morning. Trading was affected to some extent by the proximity of the half year end and the release of U.S. money supply figures after the close of business in London. Against the D-mark the dollar eased to DM 2.3870 from DM 2.3915 and SwFr 2.0260 from SwFr 2.0380. It was lower against the yen at Y224.75 compared with Y225.40 and slipped to FFr 5.7075 from FFr 5.7150. On Bank of England figures the dollar's index fell to 108.8 from 108.9.

Sterling lost ground on a trade weighted basis to 94.5 from 94.7, having stood at 94.4 at noon and 94.3 in the morning. It did show some recovery from earlier levels however and after opening against the dollar at $1.9400, it fell to a low of $1.9330 but improved during the afternoon as New York entered the market as net sellers of dollars. The pound touched a best level of $1.9530 and closed at $1.9510-$1.9520, a fall of just 35 points from Thursday. Against the D-mark it eased to DM 4.66 from DM 4.6775 and SwFr 3.9550 from SwFr 3.9850. In terms of the French franc it slipped to 11.1350 from FFr 11.17.

Gold lost $1½ an ounce in the bullion market to close at $442½-$445½.

THE POUND SPOT AND FORWARD

June 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9330-1.9530	1.9510-1.9520	1.25-1.35c dis	−7.99	2.90-3.00dis	−6.05
Canada	2.3260-2.3475	2.3450-2.3460	1.55-1.86c dis	−8.18	3.95-4.10dis	−6.86
Nethlnd.	5.15¼-5.20½	5.16½-5.17½	¼-¼ pm-¼ dis	—	1½-¼ pm	0.58
Belgium	76.10-76.40	76.20-76.30	20-30c dis	−3.93	68-78 dis	−3.83
Denmark	14.57-15.64	14.61-16.63	7½-8½ ore dis	−6.51	19¾-21½ dis	−5.62
Ireland	1.2735-1.2875	1.2750-1.2765	0.26-0.38p dis	−3.01	0.83-1.02dis	−2.90
W. Ger.	4.63¼-4.67½	4.65½-4.66½	½pf pm-½ dis	−0.32	¼ pm-¼ dis	—
Portugal	122.20-124.00	123.50-123.80	80-150c dis	−11.16	180-345 dis	−8.49
Spain	182.40-186.20	182.40-182.70	120-150c dis	−8.87	325-360 dis	−7.50
Italy	2317-2328	2326-2327	29-31 lire dis	−15.48	81-84 dis	−14.19
Norway	11.65-11.73	11.71-11.72	par-1½ore dis	−0.77	1½-3½ dis	−0.79
France	11.08½-11.14½	11.13-11.14	12-13c dis	−13.47	28-29½ dis	−10.33
Sweden	9.87-9.92	9.89-9.91	2¾-3¾ore dis	−3.94	6¾-7¾ dis	−2.98
Japan	435-442	438-439	1.80-1.45y pm	4.45	5.10-4.65 pm	4.45
Austria	32.75-33.00	32.82-32.87	1-6gro dis	−1.28	1-11 dis	−0.73
Switz	3.94-3.98	3.95-3.96	¾-½c pm	1.14	2-1½ pm	1.77

Belgian rate is for convertible francs. Financial franc 78.50-78.60. Six-month forward dollar 4.70-4.80c dis 12-month 6.10-6.30c dis.

GOLD

	June 26		June 25	
Gold Bullion (fine ounce)				
Close	$442½-445½	(£226½-228)	$444-447	(£227-228½)
Opening	$444-447	(£228¾-230½)	$453-456	(£230½-231½)
Morning fixing	$443.75	(£228.502)	$454.50	(£230.535)
Afternoon fixing	$442	(£226.725)	$446.50	(£228.330)
Gold Coins				
Krugerrand	$457-458	(£234-234½)	$459-460	(£234¾-235¼)
½ Krugerrand	$235½-236½	(£120½-121)	$235-236	(£120¼-120¾)
¼ Krugerrand	$120-121	(£61½-62)	$120-121	(£61¼-61¾)
1/10 Krugerrand	$49-50	(£25-25½)	$49-50	(£25-25½)
Mapleleaf	$448-451	(£229½-231)	$449-450	(£229½-230)
New Sovereigns	$111¼-112	(£57-57¼)	$112-112½	(£57¼-57½)
King Sovereigns	*$119-121*	(£61-62)	$121-123	(£61-62)
Victoria Sovs.	$119-121	(£61-62)	$121-123	(£61-62)
French 20s	$117-122	(£60-62½)	$117-122	(£59¾-62½)
50 pesos Mexico	$552-556	(£282¾-284¾)	$551-555	(£281¾-283¾)
100 Cor. Austria	$433-435	(£221¾-222¾)	$433-435	(£221½-222½)
$20 Eagles	$574-579	(£294-296½)	$575-580	(£294-296¾)

EXCHANGE CROSS RATES

June 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.952	4.660	438.5	11.14	3.955	5.170	2326.	2.346	76.25
U.S. Dollar	0.512	1.	2.388	224.7	5.706	2.027	2.649	1192.	1.202	39.07
Deutschemark	0.215	0.419	1.	94.10	2.389	0.847	1.109	499.1	0.503	16.36
Japanese Yen 1,000	2.281	4.450	10.63	1000.	25.39	9.019	11.79	5304.	5.349	173.9
French Franc 10	0.898	1.753	4.185	393.8	10.	3.552	4.643	2089.	2.106	68.48
Swiss Franc	0.253	0.493	1.178	110.9	2.815	1.	1.307	588.1	0.593	19.28
Dutch Guilder	0.193	0.377	0.901	84.82	2.154	0.765	1.	449.9	0.454	14.75
Italian Lira 1,000	0.430	0.839	2.003	188.5	4.788	1.700	2.223	1000.	1.008	32.78
Canadian Dollar	0.426	0.832	1.987	187.0	4.747	1.686	2.204	991.7	1.	32.51
Belgian Franc 100	1.311	2.559	6.111	575.1	14.60	5.187	6.780	3050.	3.076	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11-11¼	18⅝-18⅞	18½-19½	11¼-11¾	1-1½	11⅞-12	21-25	17-22	9-11	6½-7
7 days' notice	11⅛-11⅜	18⅝-18⅞	18½-19½	11¾-12	17-18	12-12⅛	21-25	24½-28½	10-12	6¾-7
Month	11¾-11⅞	19⅜-19⅝	19½-19⅞	11⅞-12	10⅛-10⅜	12⅛-12⅜	23-25	26¾-28¼	15⅞-16⅜	7¼-7⅝
Three months	12⅛-12⅜	18⅛-18⅜	18⅛-19¼	11⅝-11⅞	10⅛-10⅜	12⅛-12⅜	22-24	26½-27½	16⅜-16⅞	7¾-7⅞
Six months	12⅞-13	17⅜-17⅝	18¼-18⅝	11⅝-11⅞	10⅜-10⅝	12⅛-12⅜	21-23	25½-26½	16½-17	8-8⅛
One Year	13¼-13½	16⅛-16⅜	17¼-17⅝	11⅞-12	9¼-9⅝	12⅜-12⅝	19-21	24-25	15¾-16¼	8⅛-8⅜

SDR linked deposits: one-month 16⅛-16½ per cent; three-months 15⅞-16 per cent; six-months 15⅝-15⅞ per cent; one-year 14⅞-14⅞ per cent.

ECU linked deposits: one-month 15½-15⅞ per cent; three-months 15⅞-15⅞ per cent; six-months 15⅞-15½ per cent; one-year 14⅞-15⅛ per cent.

Asian $ (closing rates in Singapore): one-month 19⅞-19⅞ per cent; three-months 18⅝-18⅞ per cent; six-months 17⅝-17⅞ per cent; one-year 16⅝-16⅞ per cent. Long-term Eurodollar two-years 15⅝-15⅞ per cent; three-years 15⅝-15⅞ per cent; four-years 15⅝-15⅞ per cent; five-years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.00-18.10 per cent; three-months 17.60-17.70 per cent; six-months 17.00-17.10 per cent; one-year 16.00-16.10 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/8	offer 18 3/4	bid 17 15/16	offer 18 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

June 26 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10½-13	11-11⅛	—	—	11½-11¾	10½-11	—	—	—
2 days notice	—	—	11⅝-11¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11-11¾	11⅝-11¾	—	11⅝	11⅝-11⅞	10¾-11⅛	—	—	—
One month	11⅞-13¾	11¾-11⅞	11⅝-11⅞	13-12¾	12⅛	12⅛-12¼	11½	11⅝-11¾	11⅝	12⅛
Two months	12⅛-18⅛	12⅛ 12⅞	—	13-12⅝	12⅞	12⅛	11¾	11⅞-11⅞	11⅞-11⅞	12⅛
Three months	12⅛-12⅜	12⅛-12⅜	12⅝	13-12⅝	13¼	12¾-12⅞	12	11⅞-11⅞	12⅛-11⅞	12⅛
Six months	12⅞ 12⅞	12⅞ 13	12⅞	12⅞-12⅛	13¼	13¼	—	—	12⅛-12⅛	12⅝
Nine months	13 12⅞	12⅞ 13⅛	—	13¼-13⅛	13⅝	13¼	—	—	—	—
One year	13⅛-13	13⅛-13⅛	13¼	13¼-13⅛	13⅛	13⅛	—	—	—	—
Two years	—	—	13½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 13⅝ per cent; four-years 14¼ per cent; five-years 14¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅛ per cent; four-months trade bills 12⅝ per cent.

Approximate selling rate for one-month Treasury bills 11⅞-11¾ per cent; two-months 11⅞-11¾ per cent; three-months 11⅞-11⅞ per cent. Approximate selling rate for one-month bank bills 11½ per cent; two-months 11¾ per cent; three-months 11⅞ per cent; one-month trade bills 11⅞ per cent; two-months 12⅛ per cent and three-months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from June 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.8780 per cent.

CURRENCY MOVEMENTS

June 26	Bank of England Index	Morgan Guaranty Changes%
Sterling	94.5	−29.9
U.S. dollar	108.8	+2.4
Canadian dollar	87.8	−17.3
Austrian schilling	110.9	+20.5
Belgian franc	105.0	+8.9
Danish kroner	86.0	−12.0
Deutsche mark	116.9	+38.6
Swiss franc	138.9	+86.4
Guilder	108.4	+14.3
French franc	82.4	−12.0
Lira	57.3	−56.0
Yen	142.9	+37.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

June 26	£	$		£ Note Rates
Argentina Peso	8692-8712†	4481-4491†	Austria	32.70-33.00
Australia Dollar	1.6960-1.7000	0.8705-0.8710	Belgium	77.70-78.50
Brazil Cruzeiro	176.37-177.37	90.95-91.40	Denmark	14.52-14.67
Finland Markka	8.66-8.67½	4.4560-4.4580	France	11.08-11.18
Greek Drachma	112.416-115.889	58.50-58.70	Germany	4.64½-4.68½
Hong Kong Dollar	10.78½-10.80	5.5380-5.5450	Italy	2275-2330
Iran Rial	158.00*	79.50*	Japan	437-443
Kuwait Dinar (KD)	0.543-0.549	0.2816-0.2819	Netherlands	5.16½-5.20½
Luxembourg Frs.	76.20-76.30	39.08-39.10	Norway	11.62-11.74
Malaysia Dollar	4.5150-4.5250	2.3195-2.3225	Portugal	120-124
New Zealand Dlr	2.2760-2.2810	1.1680-1.1690	*Spain*	178½-187
Saudi Arab. Riyal	6.59-6.65	3.4115-3.4140	Sweden	9.82-9.92
Singapore Dollar	4.1425-4.1525	2.1285-2.1315	Switzerland	3.94½-3.98½
Sth African Rand	1.7135-1.7145	0.8780-0.8785	United States	1.93¾-1.96¼
U.A.E. Dirham	7.09-7.15	3.6720-3.6740	Yugoslavia	71-85

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 10,440-10,460 and for the dollar 5,300-5,350.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3728	+1.41	+1.41	±1.5361
Danish Krone	7.91917	7.92123	+0.03	+0.03	±1.6413
German D-Mark	2.54502	2.52341	−0.85	−0.85	±1.1386
French Franc	5.99528	6.04870	+0.86	+0.86	±1.3638
Dutch Guilder	2.81318	2.80443	−0.31	−0.31	±1.5199
Irish Punt	0.685145	0.691988	+1.00	+1.00	±1.6689
Italian Lira	1262.92	1259.60	−0.26	−0.26	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

U.K. CONVERTIBLE STOCKS 27/6/81

Statistics provided by *dataSTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates♣	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.71	306.00	333.3	80-97	3.9	1.2	−1.3	−4 to 1	18.7	87.7	22.2	+23.5
Hanson Trust 6½pc Cv. 88-93	3.02	157.00	57.1	76-82	4.2		−5.6	−7 to −0	3.6	3.2	−0.3	+5.3
Slough Estates 10pc Cv. 87-90	5.31	254.00	187.5	78-85	3.9		−4.6	−5 to 1	29.4	28.0	−0.5	+4.1
Slough Estates 8pc Cv. 91-94	24.88	120.00	78.0	80-91	6.7	5.4	8.3	8 to 19	29.0	45.2	14.6	+6.3

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ♣ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Companies and Markets

LONDON STOCK EXCHANGE

Defence stocks prominent on relief about proposed cuts
Electronics lead and continue to claim most interest

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 15	June 25	June 26	July 6
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

The dominance of Electrical and Electronic shares, the one bright sector in London stock markets this week, continued yesterday on relief about the Government's proposed defence cuts. These were less harsh than feared and generated considerable support for defence-orientated stocks, with Electronics especially favoured following this week's batch of trading announcements.

GEC, which is due to report annual results next Thursday, spearheaded the advance with **Ferranti, Racal** and **Plessey**—all of which came out with results earlier in the week—in close attendance. **Smiths Industries** also strengthened along with **Lucas Industries** and **British Aerospace**.

Other leading equities came to the end of the trading Account on the same drab note which had characterised dealings throughout. Investcas appeared reluctant to embark on any new initiative while the economic scene remained unclear and new funding pressures remained heavy. Measuring the trend, the FT Industrial Ordinary share index soon lost an opening gain of a point and closed a net 3.9 down at 540.9 which is 0.5 lower on the week.

An initially harder tendency in Gilt-edged securities was reversed following yesterday's *fresh downturn in the sterling* exchange rate. Trade remained light, however, and quotations at both ends of the market were rarely more than ¼ easier. Exceptionally, specialist demand raised **Treasury 3 per cent 1986** by $\frac{1}{16}$ to 69¾.

Concern about the bullion price sent South African Gold *shares down sharply*. Selling was not heavy but the market was devoid of buyers and some heavyweight issues fell as much as two points. The FT Gold Mines index dropped 24 to 287.2, its lowest since February 3.

Conoco resumed trading following Seagram of Canada's partial bid which, if successful, would give it control and closed in London 1⅝ up at £33¼.

Traded options attracted 1,538 contracts yesterday, of which calls accounted for 1,369. The week's daily average amounted to 1,327. GEC were active in front of next Thursday's preliminary figures and recorded 358 calls, while **Racal** and **ICI** were dealt 276 and 191 times respectively.

Banks better late

Having stood a couple of pence easier for much of the session, major clearers attracted support after the "House" close and *ended with modest rises.* **Lloyds** closed 2 to the good at 385p, while **Barclays**, down to 420p earlier, recovered to finish a net penny better at 424p. Elsewhere, **ANZ** reacted to the company's dismissal of scrip issue rumours and shed 7 at 313p, while **Arbuthnot Latham** encountered profit-taking and fell a similar amount to 325p. *Dunbar*, dealt in the Unlisted Securities Market, rose 25 to 450p on consideration of the acquisition of Tower Fund Managers.

Among the scattered changes in the Building sector, **Redland** eased 4 to 170p following comment on the preliminary figures. **Blue Circle** reacted 4 to 488p and **James Latham** 5 to 130p, but Press mention stimulated occasional buying interest in **J. Jarvis**, which gained 6 to 208p.

ICI drifted off to close 6 cheaper at 278p, but **Novo "B"** closed only 2 lower at £104, after touching £101.

A reasonable two-way business developed in leading Stores. **Mothercare**, still unsettled by the chairman's report of falling sales fell 10 for a two-day drop of 24 at 206p. **Gussies "A"** also remained out of favour and dipped 7 more for a fall on the week of 23 to 425p. Other leaders closed a shade above the lowest; **British Home** eased 2 to 158p, after 156p. Demand for secondary issues remained at a low ebb, although late support left *Polly Peck 5 dearer on* balance at 358p, after 346p and **Cornell Dresses**, down to 165p earlier, closed a net 4 up at 172p. Among D-I-Y counters, **MFI** eased 3 to 56p.

Electricals good again

The Electrical leaders continued the previous day's advance which followed the defence expenditure review. Trading conditions were extremely brisk and, despite faltering at one stage, final quotations were usually around the day's best. **GEC**, due to report preliminary results next Thursday, made further headway at 732p, up 17p, while **Plessey**, helped by favourable comment on the annual figures, advanced to 340p before settling at 334p for a rise of 9. **Racal** advanced 12 more to 416p, while **Ferranti** closed 25 higher at 575p, after 580p. Among secondary issues, **Rediffusion** responded to the increased dividend and profits with a rise of 9 to 181p, but **John Hadland** dropped 65 to 155p in the late dealings on the half-year loss.

Still reflecting the chairman's gloomy statement on current trading, **Vickers** remained on offer and fell 6 more to 162p. Other leading Engineers trended easier in sympathy, **Tubes** reacting 10 to 152p and **GKN** 8 to 144p. Elsewhere, **British Aluminium** weakened 8 to 80p, while **Renold**, down 5 more at 49p, continued to reflect the sharp fall in profits and the passing of the final dividend. Recovery hopes lead to a rise of 2½p to 33½p in **F. H. Lloyd**.

In irregular Foods, support was noted for **Rowntree Mackintosh**, 6 up at 168p, but **Associated Dairies**, rumoured bidders for **Bejam**, eased 4 to 192p; Bejam closed 5 dearer at 135p. **S. and W. Berisford** also rose 5 to 135p, awaiting the outcome of the offer for **British Sugar**, unchanged at 337p, or 2 above the offer price.

The disappointing first-half figures continued to depress **Trusthouse Forte** which eased 3 for a two-day fall of 13 at 143p.

Chas. Hill up late

With the exception of **Metal Box**, which eased 6 to 170p, movements in the miscellaneous industrial leaders were limited to a few pence either way. **Charles Hill** featured late with a rise of 15 at 125p to match the increased offer from the consortium, while **British Aerospace** also stood out at 237p, up 11, the rise reflecting the Government's go-ahead for the joint manufacture with the U.S. for the Harrier vertical take-off fighter. **Associated Communications A** rallied 6 to 53p on bear closing following the previous day's fall of 10 on the poor annual figures and passing of the final dividend. **B. and I. Nathan** *improved 5 to 34p in response to* the agreed cash bid of 35p per share from **Parker Knoll**. Joining in the advance in defence issues, **Smiths Industries** gained 13 to 373p. Demand in a limited market lifted **Hunting Associated** 18 to 330p, while speculative buying prompted a rise of 12 to 182p in **Ropner A**. Other bright spots included **Whatman Reeve Angel**, 7 higher at 160p, and **Ofrex**, 4 to the good at 93p. Permission to deal in **Nimslo** under special rule was withdrawn at the company's request with the price at £14.

Motors remained irregular. Components with aerospace interests made progress, noteably **Lucas**, 4 up at 206p, after 207p. **Flight Refuelling** rallied 5 to 347p, while the nil-paid rose 9 to 94p premium.

The revised bid terms from **News International** had little effect on **William Collins** which hardened a couple of pence to 230p, or 5 above the offer price. News International held at 110p.

Leading ... Properties eased slightly, but secondary issues presented some firm features. In thin markets, **Churchbury Estates**, 670p, and **Daon Development**, 515p, were raised 20 apiece.

RCA sold

The denial of reports of a cut-back in crude oil production by Saudi Arabia tended to dampen interest in the Oil sector and the trend was to slightly lower levels. **BP** closed a few pence off at 316p, with the new nil-paid 2 cheaper at 44p premium and the **HMG** shares 3 down at 29p premium. Outside of the leaders, **KCA** fell 12 to 145p following news that around 55 per cent of the KCA Drilling issue had been left with the underwriters. **Atlantic Resources**, in contrast, firmed 5 to 170p, in response to favourable Press comment.

Inchcape, still beset by talk of up 12 for a two-day fall of 20 a forthcoming rights issue gave at 405p.

Dealings were resumed in **Aitken Hume**, formally Aberdeen Investments, and from an opening level of 245p, the shares touched 265p before ending at 250p. The 10 per cent Convertible 1991, offered to shareholders on the basis of 28 new Ordinary and £44 of Convertible per £100 unit, began at £104 and rose to £110 before closing at £109.

Gold shares came under renewed selling pressure yesterday as the bullion price edged downwards to $444, a fall of $1.5. The Gold Mines index fell 24 to 287.2, its biggest one-day fall for two and a half months and the lowest level since last February.

Falls of two points and more were *common to* **Randfontein Estates**, £20¼, **Hartebeest**, £24¾, **Vaal Reefs**, £27¼, and **West Driefontein**, £36.

As usual, the marginal producers suffered most among the lower-priced issues, with **Doornfontein** 149 lower at 822p and **Libanon** 98 cheaper at 822p.

South African Financials also *lost ground*, led by **Amgold**, down two points to £40½ and **Gold Fields of South Africa**, 1½ weaker at £36.

In Diamonds, **Anamint** gave ¼ to £43¼, while in Coppers **RCM** lost 20 to 100p, equal to the year's low, after the poor full-year results.

Elsewhere, **Patino** advanced ⅜ to a high for the year of £26⅜.

Central Pacific Minerals dropped 20 to 80p and **Southern Pacific Petroleum** 9 to 34p following Exxon's statement that the Rundle shale oil project is not a viable proposition at current world oil prices.

FINANCIAL TIMES STOCK INDICES

	June 26	June 25	June 24	June 23	June 22	June 19	A year ago
Government Secs.	65.90	65.96	66.24	66.48	66.15	65.78	69.33
Fixed Interest	67.61	†67.62	67.79	67.82	67.45	67.35	70.54
Industrial Ord.	540.9	544.8	543.4	544.5	544.3	541.4	463.5
Gold Mines	287.2	311.2	320.6	315.0	312.1	313.7	349.7
Ord. Div. Yield	5.89	5.87	5.85	5.90	5.89	5.94	7.73
Earnings, Yld. %(full)	11.75	11.70	11.66	11.75	11.75	11.85	18.68
P/E Ratio (net) (*)	10.62	10.67	10.70	10.61	10.61	10.52	6.51
Total bargains	21,983	19,536	18,238	18,285	18,500	17,082	23,816
Equity turnover £m.	—	136.39	123.70	104.22	89.75	118.51	164.77
Equity bargains	—	17,926	15,351	14,304	13,045	14,003	19,101

10 am 545.8. 11 am 543.9. Noon 542.5. 1 pm 541.3.
2 pm 541.3. 3 pm 541.7.

Latest Index 01-246 8026.

*Nil=5.83.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	64.94 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	72.01 (20/5)	67.17 (3/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	231.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 25	June 24
—Daily		
Gilt Edged Bargains	136.8	132.9
Equities Bargains	116.1	99.5
Value	275.7	250.0
5-day Avrge.		
Gilt Edged Bargains	138.9	138.3
Equities Bargains	96.7	93.9
Value	231.5	231.1

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (70)

COMMONWEALTH AND AFRICAN LOANS (1)
AMERICANS (13)
CANADIANS (3)
BANKS (4)
BEERS (2)
BUILDINGS (1)
ELECTRICALS (4)
ENGINEERING (2)
FOODS (3)
HOTELS (1)
INDUSTRIALS (5)
INSURANCE (3)
PAPER (2)
PROPERTY (2)
TEXTILES (1)
TRUSTS (14)
OVERSEAS TRADERS (2)
MINES (3)

NEW LOWS (40)

CANADIANS (2)
Hawker Siddeley Can. Masey Ferguson

BEERS (1)
Tomatin

STORES (3)
Empire Stores GUS "A"
GUS

ELECTRICALS (1)
Hadand (J.)

ENGINEERING (2)
British Aluminium Tube Invs.

INDUSTRIALS (2)
Cope Allman Gieves Group

MOTORS (3)
BL Attwood Garages
Hesketh Motor

OIL AND GAS (5)
Anvil Petroleum Burmah
Imp. Cont. Gas 8pcCv.
KCA Cie Fr. Petroles "B"

MINES (21)
East Rand Prop. Hartebeest
Randfontein Ests. Stilfontein
West Rand Western Areas
Bracken F.S. Geduld
ERGO Harmony
Marievale President Brand
South African Land President Steyn
Western Holdings Unisel
Middle Wits. Gopeng Cons.
Pancontinental Hongkong Tin
Western Deep

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	2	72	21	186	228	61
Corpns. Dom. and Foreign Bonds	11	4	54	59	10	276
Industrials	181	275	910	1,014	1,066	4,754
Financial and Props.	86	78	330	535	326	1,609
Oils	19	32	39	110	115	225
Plantations	4	2	17	15	19	81
Mines	17	86	65	192	272	376
Others	79	37	70	316	270	349
Totals	399	586	1,506	2,427	2,306	7,731

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −
255	Nil	—	94pm	84pm	Flight Refuelling	94pm	+3
90	Nil	—	42pm	31½pm	Geers Gross	42pm	+2
250	F.P. 17/6	24/7	328	269	G.R.E.	328	+2
103	P.P. —	—	109	66	Hong Kong & Shanghai Bk.	104	+2
205	F.P. 8/6	24/7	268	247	Horizon Travel	268	—
‖	F.P. 15/5	24/6	102	93	L'nd'n Shop Pr'p 9% Cnv 94-99	93	—
315	F.P. 26/6	7/8	343	333	Lyle Shipping	333	—
70	F.P. 17/6	24/7	78½	72	Northern Engineering	75	—
60	Nil 9/7	12/8	23pm	18pm	Old Swan Hotel (H'gate)	18pm	—
60	F.P. 26/6	7/8	67½	62	Second City Props	63	—
131	F.P. 8/6	3/7	161	141	Smurfit (Jefferson)	161	—
6	P.P. 6/5	21/9	11½	6½	Sterling Credit	9½	−½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. * With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., June 26, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs. June 25 Index No.	Wed. June 24 Index No.	Tues. June 23 Index No.	Mon. June 22 Index No.	Year ago (approx.) Index No.	1981 High	1981 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	353.15	+0.6	10.28	4.38	12.04	350.99	348.72	347.06	347.28	253.53	364.69 (24/4)	272.28 (15/1)	364.69 (24/4/81)	50.71 (13/12/74)
2	Building Materials (25)	303.42	−0.6	13.64	5.73	8.89	305.39	302.78	300.97	300.10	244.85	334.34 (1/5)	236.82 (13/1)	334.34 (1/5/81)	44.27 (11/12/74)
3	Contracting, Construction (28)	553.21	−0.3	16.75	5.13	6.99	554.61	554.59	553.16	556.21	371.16	610.27 (30/4)	403.39 (8/1)	610.27 (30/4/81)	71.48 (2/12/74)
4	Electricals (29)	1146.88	+2.0	7.30	2.24	16.88	1124.07	1104.53	1098.91	1103.81	688.56	1146.88 (26/6)	888.13 (15/1)	1146.88 (26/6/81)	84.71 (25/6/62)
5	Engineering Contractors (11)	485.35	−0.2	12.28	5.56	9.81	486.42	486.94	486.52	484.45	306.38	512.20 (30/4)	374.44 (20/1)	512.20 (30/4/81)	64.39 (2/1/75)
6	Mechanical Engineering (70)	213.99	+0.7	12.66	5.57	9.94	212.54	213.85	213.06	212.74	169.43	230.26 (24/4)	162.47 (15/1)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	154.32	−2.3	10.59	7.80	12.47	157.93	158.87	158.62	158.71	163.68	182.17 (1/5)	127.24 (14/1)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	103.21	+0.6	4.57	6.76	59.10	102.64	101.75	101.66	101.80	99.74	112.76 (1/5)	84.67 (23/1)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	381.64	−0.6	9.56	5.24	12.60	384.01	384.60	381.21	378.79	0.00	394.56 (24/4)	277.55 (15/1)	394.56 (24/4/81)	277.55 (15/1/81)
21	CONSUMER GROUP (195)	282.04	−0.4	12.66	5.66	9.64	283.18	285.78	283.72	283.45	219.08	294.75 (30/4)	227.50 (14/1)	294.75 (30/4/81)	61.41 (13/12/74)
22	Brewers and Distillers (20)	321.37	−0.6	14.34	5.99	8.29	323.15	325.03	323.90	322.19	284.53	325.16 (16/6)	244.42 (13/1)	325.16 (16/6/81)	69.47 (13/12/74)
25	Food Manufacturing (21)	259.10	+0.2	15.05	6.38	7.99	258.70	259.49	257.12	256.97	204.55	269.21 (1/5)	204.17 (14/1)	269.21 (1/5/81)	59.67 (11/12/74)
26	Food Retailing (14)	531.88	−0.4	9.33	3.34	12.76	534.17	536.28	532.08	526.86	327.44	556.21 (1/5)	440.89 (11/3)	556.21 (1/5/81)	54.25 (11/12/74)
27	Health and Household Products (7)	333.92	—	8.29	4.38	14.37	333.84	339.43	334.27	335.19	216.79	339.43 (24/6)	245.38 (14/1)	339.43 (24/6/81)	175.38 (28/5/80)
29	Leisure (22)	432.46	−0.5	11.51	4.87	10.56	434.60	438.81	430.08	430.06	332.51	448.77 (1/5)	327.38 (16/1)	448.77 (1/5/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	503.48	+0.2	12.36	5.95	11.50	502.67	504.00	502.81	503.69	441.75	526.15 (11/5)	419.04 (15/1)	526.15 (11/5/81)	55.08 (6/1/75)
33	Packaging and Paper (13)	145.85	−0.6	13.72	7.31	8.67	146.71	147.88	148.36	149.08	130.25	161.79 (1/5)	108.85 (14/1)	161.79 (1/5/81)	43.46 (6/1/75)
34	Stores (44)	259.02	−0.9	11.12	5.10	11.78	261.46	265.45	265.31	266.00	220.52	294.06 (30/4)	238.15 (15/1)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	163.04	−0.5	8.20	5.63	17.04	163.94	164.46	162.86	163.80	130.50	172.84 (30/4)	122.37 (19/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	265.06	+0.2	21.82	9.36	5.26	264.57	267.03	263.19	261.45	214.83	267.03 (24/6)	193.57 (19/1)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (16)	303.22	+0.2	6.05	6.27	29.12	302.61	304.07	304.20	302.65	0.00	311.40 (1/5)	231.28 (4/2)	311.40 (1/5/81)	231.28 (4/2/81)
41	OTHER GROUPS (79)	227.22	−0.6	13.43	6.67	9.02	228.67	229.76	228.51	229.24	216.72	249.19 (30/4)	203.40 (13/3)	249.19 (30/4/81)	58.63 (6/1/75)
42	Chemicals (15)	279.37	−1.2	11.65	7.43	10.72	282.72	286.94	282.91	284.57	316.45	320.04 (30/4)	235.35 (13/3)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	115.79	−0.3	15.94	7.23	7.40	116.10	116.17	116.37	117.15	108.23	129.79 (22/4)	93.19 (14/1)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	547.11	−1.0	15.62	6.94	7.55	552.69	550.48	549.69	548.73	546.81	644.76 (24/4)	518.82 (15/1)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (45)	299.05	—	13.95	5.59	8.62	299.00	298.36	298.63	298.96	260.77	308.77 (1/5)	249.71 (19/1)	308.77 (1/5/81)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (488)	298.60	—	11.85	5.30	10.33	298.75	299.57	297.75	297.80	238.22	312.53 (30/4)	241.24 (15/1)	312.53 (30/4/81)	59.01 (13/12/74)
51	Oils (12)	711.51	−0.8	23.61	8.05	4.69	717.09	703.97	699.28	710.65	820.98	923.71 (2/1)	699.28 (23/6)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	332.07	−0.2	13.85	5.77	8.58	332.64	332.36	330.31	331.25	284.16	352.08 (1/5)	290.43 (14/1)	352.08 (1/5/81)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	261.05	+0.2	—	5.60	—	260.55	260.84	260.33	258.65	216.60	264.63 (24/4)	227.09 (19/1)	264.63 (24/4/81)	55.88 (13/12/74)
62	Banks (6)	266.27	+0.2	34.43	6.81	3.38	265.72	266.37	269.33	264.52	235.26	269.33 (23/6)	220.84 (11/3)	288.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	280.98	—	—	8.02	—	280.98	280.75	280.75	281.22	263.70	314.03 (20/3)	273.13 (12/6)	314.03 (20/3/81)	81.40 (10/12/74)
64	Hire Purchase (3)	257.14	−0.1	11.91	7.07	11.62	257.47	261.04	259.01	258.14	212.61	274.53 (25/3)	194.82 (8/1)	433.74 (4/5/72)	38.83 (11/12/74)
65	Insurance (Life) (10)	264.03	−0.3	—	5.73	—	264.91	265.98	264.81	264.43	203.65	274.72 (2/4)	222.74 (7/1)	274.72 (2/4/81)	44.88 (2/1/75)
66	Insurance (Composite) (9)	170.87	+1.2	—	7.46	—	168.85	169.27	167.36	168.13	142.10	172.74 (9/4)	142.06 (19/1)	183.32 (18/9/80)	43.96 (13/12/74)
67	Insurance Brokers (8)	387.43	+0.1	11.53	5.99	11.77	386.89	389.98	389.82	389.10	315.86	409.64 (4/6)	294.21 (20/1)	409.64 (4/6/81)	65.86 (16/12/74)
68	Merchant Banks (13)	174.98	+0.4	—	4.82	—	174.23	173.78	174.42	169.17	128.06	174.98 (26/6)	143.07 (20/1)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (49)	475.44	−0.3	3.72	2.91	37.34	477.00	475.13	471.68	470.35	401.61	517.77 (2/4)	435.73 (16/1)	517.77 (2/4/81)	56.01 (20/4/65)
70	Miscellaneous (10)	176.76	−0.2	18.00	5.86	6.75	177.19	178.06	178.37	176.74	135.56	182.36 (16/6)	165.30 (19/1)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	313.11	+0.2	—	5.03	—	312.63	312.88	310.42	309.76	242.47	318.10 (24/4)	271.01 (23/1)	318.10 (24/4/81)	71.63 (13/12/74)
81	Mining Finance (3)	242.03	−0.9	14.48	5.65	8.11	244.20	249.42	250.77	251.71	227.03	270.39 (19/5)	200.76 (6/2)	277.15 (30/10/80)	66.31 (30/9/74)
91	Overseas Traders (20)	453.09	—	11.31	6.57	11.01	452.87	453.25	453.70	453.23	385.61	488.51 (18/5)	420.28 (14/1)	488.51 (18/5/81)	97.37 (6/1/75)
99	ALL-SHARE INDEX (750)	317.77	−0.1	—	5.71	—	318.09	318.16	316.55	316.80	269.35	332.77 (1/5)	278.20 (14/1)	332.77 (1/5/81)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri. June 26	Day's change %	Thurs. June 25	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years●	108.06	+0.01	108.05	—	5.01
2	5-15 years	105.32	−0.14	105.47	—	6.38
3	Over 15 years	106.96	−0.16	107.13	—	7.78
4	Irredeemables	118.37	−0.04	118.41	—	7.43
5	All stocks●	106.47	−0.09	106.57	—	6.33
6	Debentures & Loans	83.80	−0.01	83.97	—	5.28
7	Preference	63.58	+0.05	63.60	—	3.43

	AVERAGE GROSS REDEMPTION YIELDS		Fri. June 26	Thurs. June 25	Year ago (approx.)	1981 Highs	1981 Lows
	British Government						
1	Low Coupons	5 years	12.34	12.30	11.89	12.53 (5/6)	11.20 (20/3)
2		15 years	12.91	12.88	11.89	13.15 (5/6)	11.86 (20/3)
3		25 years	13.09	13.06	11.89	13.27 (5/6)	11.88 (6/1)
4	Medium Coupons	5 years	14.20	14.15	13.32	14.66 (8/6)	12.91 (20/3)
5		15 years	14.79	14.74	13.39	14.99 (5/6)	13.32 (20/3)
6		25 years	14.36	14.32	13.38	14.58 (5/6)	13.03 (20/3)
7	High Coupons	5 years	14.29	14.24	13.41	14.67 (8/6)	12.93 (20/3)
8		15 years	14.97	14.93	13.74	15.19 (5/6)	13.54 (20/3)
9		25 years	14.59	14.55	13.79	14.73 (5/6)	13.15 (20/3)
10	Irredeemables	†	12.42	12.40	11.24	12.59 (5/6)	11.35 (20/3)
11	Debs & Loans	5 years	15.31	15.27	14.03	15.44 (8/6)	13.80 (27/3)
12		15 years	15.31	15.27	14.03	15.44 (8/6)	14.16 (27/3)
13		25 years	15.31	15.27	14.03	15.44 (8/6)	0.00 (16/6)
14	Preference	†	15.62	15.62	15.09	15.74 (8/6)	14.29 (27/3)

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26½p.
NAME CHANGE: Dickinson Robinson Group has changed its name to DRG.
● Corrected indices for June 25.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East June 24 | HK$28.61 | 30.16
Japan Fund June 26 | US$11.12 | 11.70 | −0.29

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521
Capital Reserve Fd. | £13.28 | 13.29 | | 0.21

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. (a)

Allen Harvey & Ross Unit Tst. Mgrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Tst. Managers

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Chesterton Fund Managers

Confederation Funds Mgt. Ltd.

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd.

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Managers

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Management Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mangmt. Ltd.

Target Tst. Mngrs. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Refuge Investments Limited

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Abbey Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chawton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99¾	99½	Exch. 9½pc 1981	99¾	.....	9.52	11.90
98¾	95¾	Exch. 3pc 1981	98¾	+1/32	3.04	11.79
99½	99⅛	Treas. Variable '81‡‡	99¾	.....	12.57	13.85
100½	99¾	Exch. 12¾pc 1981‡‡	100⅛	.....	12.75	12.14
353	95½	Treas. 8½pc '80-82‡‡	98¼xd	−1/16	8.66	12.14
95	91⅛	Treasury 3pc '82‡‡	95	.....	3.15	11.35
102⅝	100½	Treasury 14pc '82‡‡	101¼	−1/16	13.85	12.25
99½	98⅜	Treas. Variable '82‡‡	99½	.....	12.53	13.00
96⅞	93½	Treasury 8¼pc '82	96⅛xd	−1/16	8.57	12.23
96¼	93½	Exch. 9¼pc 1982	95⅝	−1/16	9.67	13.64
95⅝	92⅛	Exch. 8¾pc 1983	94⅞xd	−1/16	9.22	12.49
89¼	84⅞	Exch. 3pc 1983	88⅝	.....	3.39	10.68
99⅜	96⅜	Treasury 12pc 1983‡‡	97⅝	−1/16	12.29	13.53
99	96¼	Treas. Variable '83‡‡	99	.....	12.59	13.04
94⅛	91¼	Treasury 9¼pc '83	93¾xd	−1/16	9.87	12.83
101⅝	98¼	Exch. 13½pc '83	99¼	−1/16	13.53	13.50
94⅛	91¼	Exch. 10pc 1983	93⅛	−1/16	10.74	13.36
87¼	84½	Funding 5½pc '82-84‡‡	86¾xd	.....	6.34	11.66
96¼	93	Exch. 11¼pc 1984	94½	−⅛	11.90	13.76
103⅝	98⅞	Exchequer 14pc 1984	100⅜	−⅛	13.96	13.83
80⅝	78½	Exch. 3pc 1984	80½	−1/16	3.73	10.85
98⅝	94	Treasury 12pc 1984	95⅝	−⅛	12.57	13.73
107¼	101¾	Treasury 15pc 1985	103⅛	−⅛	14.55	13.87
98⅞	93⅛	Exch. 12pc Cnv. '85	94⅜	−⅛	12.72	13.74
75¼	73¼	Treasury 3pc 1985	75½	.....	3.97	12.28
96⅞	91½	Treasury 11½pc 1985	93⅜	−1/16	12.32	13.69

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPERS, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
275	200	Cont. March. 10c.	240	−10	t030c	1.8	7.2
98	65	††Hemerdon 10c.	65	......	—	—	—
180	135	Highwood Res.	150	+5	—	—	—
400	300	Northgate C$1	345	+10	—	—	—
580	372	R.T.Z.	518	−4	16.0	3.2	4.4
£125	£93½	Do. 9¾% Cv. Ln. '95-2000	£113½	−1	Q9½%	—	f8.7
143	110	††SPO Minerals 10p	110#	......	—	—	—
47	30	Sabina Inds. C$1.	31	......	—	—	—
44	28	††SWCM 10p	34	......	—	—	—
550	465	Tara Expln. $1	535	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	43	......	Conv. 9% '80/82	£92⅝	......
Bertam	13	......	Nat. 9¾% 84/89	£68⅝xd	......
Bdg'wtr. Est. 50p	470	......	Fin. 13% 97/02	£79¼	......
Craig & Rose £1	£12½	......	Alliance Gas	77	......
Finlay Pkg. 5p	22	......	Arnott	255	......
Graig Ship. £1	£20	......	Carroll (P.J.)	90	+1
Higsons Brew	78	......	Concrete Prods.	90	......
Holt (Jos) 25p	480	......	Helton (Hldgs.)	30	......
I.O.M. Stm. £1	158	+1	Ins. Corp.	420	......
Pearce (C. H.)	920	......	Irish Ropes	50	......
Peel Hldgs.	100	......	Jacob	58	......
Sheff. Refrshmt	97	......	T.M.G.	17	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8		
Courtaulds	7	Nat. West. Bank	32	Brit. Petroleum	33
Debenhams	10	P & O Dfd.	12	Burmah Oil	16
Distillers	17	Plessey	28	Charterhall	8
Dunlop	8½	Racal Elect.	34	KCA	22
Eagle Star	25	R.H.M.	5	Premier	7½
F.N.F.C.	3	Rank Org. Ord.	18	Shell	32
Gen. Accident	30	Reed Intnl.	25	Tricentrol	30
Gen. Electric	60	Sears	5	Ultramar	44
Glaxo	28	Tesco	5½		
Grand Met.	18	Thorn EMI	30	**Mines**	
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall.	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES

Saturday June 27 1981

MEN OF THE WEEK

Better red than dead

BY DAVID WHITE

ONE DAY you wake up and realise *you have just lost your* job, been defeated in what you thought was a safe seat in parliament, seen the party you have been faithful to for 30 years reduced to its worst level since the war and heard rumours that the leader in whose footsteps you tread is in imminent danger of disgrace. And then, a couple of days later, you are one of the top half-dozen men in the Government and are gliding homewards in a chauffeur-driven ministerial limousine.

This modern-dress Cinderella story has to be read in the original French to be understood at all. It is *exactly what* happend this week to Charles Fiterman, the senior man, though the youngest, of the

Charles Fiterman

Youngest of France's four Communist ministers

four Communists who have been brought into Prime Minister Pierre Mauroy's Government—if not to their own bewilderment, then certainly to people in places like Washington.

A sharp, small man, voluble, unshakeable, a hard worker, a bit of a technocrat and anti-intellectual, Fiterman has acted as the party's chief liaison officer. It was he who negotiated the pre-general election pact, which forced him to give up his own seat to a Socialist but later prepared the ground for the Government agreement under which he is now a Cabinet minister.

Fiterman, now Minister of Transport and one of the top-ranking Ministers of State, emerged from obscurity to the Communist leadership five years ago. Now a greying but sprightly 47, he was promoted to the political bureau and the topmost seven-man secretariat in a period when the French party was ready to snub Moscow and forget about the dictatorship of the *proliteriat*. But he has never shown himself more, or less, liberal than the party line, following its inscrutable zigzags. He seems the made-to-measure party man.

An electrician, from a family of Polish Jews, he worked his way up through union and party cells in industrial Saint-Etienne, near Lyons. Although he has *since shifted* his base to Paris, he still has the accent. For several years he has been regarded as number two to *Georges Marchais and sometimes* as his dauphin.

Less of a surprise as an appointment was Anicet Le Pors, 50-year-old Senator and economist as head of the Civil Service. He is the kind of person about whom one might say, "He could have had a *brilliant* career in the civil service," until one finds out that, indeed, he *has* had a brilliant career in the civil service.

He even worked for Valéry Giscard d'Estaing when the latlatter was a mere Finance Minister. Giscard is said to have pretended not to know that the head of his industrial forecasting section was a Communist.

Open and courteous, the man who now runs France's 5m *fonctionnaires* (under the wing of *the Prime Minister*) is nevertheless sometimes criticised for excessive rigidity. Marcel Rigout is more the kind of man who typifies the party: a thoroughbred worker. The 53-year-old Minister for Professional Training lists himself in Who's Who as a metal turner.

Alongside the appartchik, the intellectual and the grass-roots *politician comes a rubbery-faced* journalist from the party daily l'Humanite. Jack Ralite, who has one of the safest Communist seats in Parliament, is known for his stances on the subject of broadcasting and would pre*sumably like to have had* Culture or Information. But he is Minister of Health. France's doctors don't know quite what to make of him. But Ralite has already practised his bedside manner. "I'm not going to turn up with a whole load of red corpuscles," he assured them.

NOTT DETAILS PROSPECTS FOR DEFENCE

Year delay in cuts' effect

BY BRIDGET BLOOM

THE EFFECTS of this week's review on curbing defence spending will not be felt for at least one and probably two years, Mr John Nott, the Defence Minister, said yesterday.

In the short term it was possible that the review would be an extra charge on the defence budget, Mr. Nott told journalists. But in the review period *ending in 1986 spending should* be kept well within the limits of the annual real increase of 3 per cent which he announced as a *key element of his defence* review plans on Thursday.

The review envisages cuts in the surface fleet of the Royal Navy, closure of Chatham dockyard and curtailing of Portsmouth, and loss of some 20,000 men in the armed forces and 30,000 associated civilians.

Stating that it was virtually impossible to turn round defence spending rapidly, Mr Nott said that the current year's spending by the Ministry of Defence was already running above its cash limits.

Last year's over-run, now confirmed at £150m, was £100m less than originally thought, he said. But the over-run this year, which could be of a similar order, had to be curbed.

The main reason for overspending was that because of the recession companies were fulfilling orders and billing the Ministry faster than expected.

He *hoped that* discussions with industry would solve the problem, rather than the Ministry having recourse, as it *did last year, to cutting* training, fuel, and spares, and delaying or cancelling orders for new equipment.

Mr Nott disclosed that his Ministry, alone of the major spending Departments, was not being required to participate in the present exercise to produce options for savings of between 3-5 per cent.

While the Cabinet has agreed in principle that the amount of money going to the Ministry should increase in real terms by 3 per cent a year in the next four years, cash limits still have to be worked out.

While the Ministry maintains that these should take account of a rather higher than normal inflation rate, the Treasury disagrees.

Both Mr Nott's statement to *Parliament and his* White Paper on the defence review were notable for a total lack of financial projections, beyond the 3 per cent target increase on this year's budget of £12.3bn.

Yesterday he still refused to *name specific figures. Part of* the reason, he declared, was difficulty of calculating inflation rates.

However, he said that his review should result in a 3 per cent shift in planned allocations froms maritime capability, including moves to land-air forces.

Mr Nott accepted that the re*view would produce a smaller* operational fleet, but claimed that in the next four years there would be an 11 per cent *increase in money available for* sea systems, excluding the Trident nuclear deterrent.

In the same period money for dockyards, which was to have risen 11 per cent, would be cut by 25-30 per cent., meaning actual savings of £700m-£800m.

He strongly maintained that his review proposals, with their emphasis on improving the air maritime role, would enhance Brtain's overall maritime capability.

Mr Nott was at pains to refute suggestions that his review was brought about by the Government's decision to spend some £5m-£6m on replacing the Polaris nuclear deterrent by the U.S. Tdent.

He said: "In cash terms the escalation in equipment costs and the over-extension of the existing programme required a review with fairly fundamental *changes, quite regardless of the* amount we intend to spend on Trident on the next few years—a relatively small sum looked at in the context of the whole problem."

● It is understood that the Government will delay a final decision on size and design of the four submarines to be built for the Trident missile It hopes that by the end of the year the U.S. will decide which if several missiles to develop.

If Washington opts for the larger *C4 or D5 missile, the* final cost of Britain's Trident system could rise by £1bn.

Bonn reaction to cuts, Page 2

Banks seek more facts on Poland

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

LEADING international banks will ask Poland to produce much more detailed economic information as well as a workable *economic stabilisation* programme before they agree to rescheduling Polish debt.

Once these conditions have been satisfied, rescheduling of the country's $2.4bn (£1.2bn) of bank debt maturing between March 26 and December 31 this year could proceed immediately.

This is the essence of the new approach to Poland's debt *problem agreed earlier this* week in Paris by the task force of international banks coordinating Poland's debt negotiations on behalf of some 460 creditor institutions.

The task force approach insists that there can be no rescheduling before the establishment of a stabilisation programme "accepted by the population and the parliament," as one banker put it yesterday.

In the past, bankers *dealing* with Poland have complained that government officials present economic targets without adequate explanation as to how they are to be fulfilled.

Now that the banks have been asked to defer repayment of the debt maturing in the last nine months of this year, they want to be sure that *Poland is putting its economic* house in order.

The decision not to proceed immediately with rescheduling has left more time for the banks to resolve some differences between them.

These include the treatment of loans led by Chase Manhattan in 1975 and 1978, repayment of which was tied to the proceeds of copper exports. Chase has urged against much opposition that they be given special status in any restructuring agreement.

Anthony Robinson adds: Western bankers' insistence on more detailed information about the Polish economy, including details of Polish indebtedness to the Soviet Union and the Comecon countries, plus their insistence that any economic plan put forward b ythe Polish *authorities should have the* support of parliament and people is likely to renew Soviet charges of "imperialist interference" in Poland's internal affairs.

A recent commentary in the Soviet trade union newspaper, Trud, showed Soviet suspicions that Western bankers and governments are applying "economic blackmail" following Poland's "adventuristic sliding into indebtedness."

By making plain their terms for re-scheduling, the banks are clearly hoping to concentrate the minds of Poland's *ruling Communist Party which* is expected to endorse an economic recovery plan at the crucial party congress which starts on July 14.

Significantly, the next meeting of the bankers' task force is scheduled for late July.

At this point bankers hope to have both a clearer indication of future economic policy and a newly elected Communist Party leadership having a popular mandate to carry through the tough economic policies required

Brezhnev visit, Page 2

U.S. alleges steel import frauds

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Government said yesterday that a growing number of foreign steel makers and shippers are resorting to criminal fraud to get around the U.S. import protection system of "trigger prices," reintroduced last year.

Mr Lionel Olmer, the U.S. Under-Secretary of Commerce, warned yesterday at the end of a trip to Tokyo that Washington would crack down on malefactors.

"We believe in the fair and efficient administration of the TPM (Trigger Price Mechanism)," he said, hinting that if criminal prosecution failed to deter, the Government would consider starting anti-dumping investigations.

The TPM, reintroduced last year after a brief lapse, is designed to provide an alternative to the private filing of dumping suits by U.S. companies against foreign competitors.

Import sales below its minimum price level can "trigger" a U.S. Government dumping probe.

The Commerce Department and Customs Division of the U.S. Treasury are already investigating allegations involving 40 separate acts of criminal frauds by foreign steel companies from 12 countries, Mr Olmer disclosed.

The allegations involve falsifying Customs documents, writing untrue commissions and other criminal acts, a commerce official said.

In one such case, Mr. Olmer said, a U.S. Grand Jury would probably decide "within 30 days" whether to bring an indictment against the Mitsui Trading Company of Japan.

The Commerce Department said yesterday that Customs infringements seemed to have increased with the reintroduction of the TPM last autumn. This was partly because of a feeling that the TPM was going to be in force for up to five years—and some foreign companies needed to take evasive action to maintain sales in the U.S. market.

Continued from Page 1

Elf

copper, as well as holding *major interests in oil, gas and* other minerals.

It reported record sales of $1.1bn and earnings of $294m for the fiscal year ending March 1981.

But it suffered a major shock last February when Mr Charles Fogarty, the chairman, who ran the company virtually single-handed and was largely responsible for its fast growth, and seven other senior officials died in an aircraft crash near its Connecticut headquarters.

Weather

UK TODAY

COOL. Showers. Bright intervals in West.

London, S.E., Central, E. England, Central and E. Scotland, Orkney and Shetland
Mostly cloudy, showers. Max. 14C (57F).

W. Midlands, Wales, Man, S.W. and N.W. England, W. Scotland
Sunny intervals, isolated showers. Max. 17C (63F).
Outlook: Continuing cool. Unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	22	72	L. Ang.†	F	18	64
Algiers	S	25	77	Luxmbg.	C	18	64
Amsdm.	R	12	54	Luxor	S	42	108
Athens	S	30	86	Madrid	F	26	79
Bahrain	S	38	100	Majorca	F	24	75
Barclna.	C	20	68	Malaga	S	27	81
Beirut	S	28	82	Malta	F	30	86
Belfast	C	13	55	Mchstr.	C	11	52
Belgrd.	C	26	79	Melbne.	C	14	57
Berlin	S	22	72	Mx. C.†		—	—
Biarritz	C	18	64	Miami†	F	26	79
Bmghm.	C	10	50	Milan	C	17	63
Blackpl.	C	13	55	Montrl.†	R	14	57
Bordx.	F	17	63	Moscow	S	29	84
Boulgn.	R	11	52	Munich	F	19	66
Bristol	C	12	54	Nairobi	C	25	77
Brussels	C	16	61	Naples	C	22	72
Budpst.	C	24	75	Nassau		—	—
Cairo	S	37	99	Nwcstl.	C	11	52
Cardiff	C	13	55	N. York†		—	—
Casbca.	C	23	73	Nice	F	22	72
Cape T.	C	15	59	Nicosia	S	31	88
Chicg.†	S	16	61	Oporto	C	18	64
Cologne	F	19	66	Oslo	F	17	63
Cpnhgn.	C	13	55	Paris	C	14	57
Corfu	C	29	84	Perth		—	—
Denver†	F	18	64	Prague	F	21	70
Dublin	C	13	55	Rykjvk.	C	11	52
Dbrvnk.	C	24	75	Rhodes	S	35	95
Ednbgh.	C	14	57	Rome	F	21	70
Faro	F	23	73	Salzbrg	F	21	70
Florence	C	21	70	S'cisco†	Cl	12	54
Frankft.	C	16	61	S. Mrtz.		—	—
Funchal	C	20	68	Singapr.		—	—
Geneva	F	17	63	S'tiago†		—	—
Gibrltr.	C	24	75	Stckhm.	D	13	55
Glasg'w	C	15	59	Strasbg.	C	21	70
G'rnsey	F	13	55	Sydney	S	18	64
Helsinki	R	16	61	Tangier	C	23	73
H. Kong	F	31	88	Tel Aviv	S	27	81
Innsbrk.	C	20	68	Tenerife	S	25	77
Invrnss.	R	10	50	Tokyo	C	23	73
I. of Man	C	12	54	Trnto.†	C	13	55
Istanbul	S	31	88	Tunis	F	25	77
Jersey	C	14	57	Valencia	C	23	73
Jo'burg	S	19	66	Venice	R	16	61
L. Plms.	C	24	75	Vienna	F	23	73
Lisbon	C	18	64	Warsaw	F	21	70
Locarno	C	16	61	Zurich	C	18	64
London	C	13	55				

C—Cloudy. Cl—Clear. D—Drizzle. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Wytch Farm field

Continued from Page 1

which have onshore oil *interests.*

The Government is anxious for the sale to be completed quickly, maintaining that the proceeds of the deal would reduce the Public Sector Borrowing Requirement and cut British Gas's involvement in a business that could be carried out equally well by the private sector.

British Gas said it was "bitterly disappointed" with the Government's decision. "The reward for initiative, enterprise, hard work and success is to be told to sell off." the corporation said.

Arguing that a strong case had been made for the retention of the Wytch Farm interests, British Gas said the *field would not have been dis*covered but for the "skill, commitment and persistence" of the corporation's exploration team. The field, bigger than some of the commercial discoveries in the North Sea, had aroused a lively interest in onshore exploration in Britain.

The effect of divestment on the morale of the 80-member exploration team in British Gas would be "devastating" and could have a significant impact on performance in other areas of activity, the corporation said.

It argued that the full value of Wytch Farm was unlikely to be achieved as the sale would be seen to be enforced. The price was unlikely to reflect the corporation's "confident expec*tation" of the field's potential.*

Oil in Wytch Farm lies at two levels. The amount produced last year was 165,000 tonnes or about 1.2m barrels. British Petroleum's offshore Forties Field has been yielding up to 500,000 barrels a day.)

Within the oil industry it is thought that the Wytch Farm reservoir will be exploited at a much slower pace than an offshore field to alleviate any environmental impact on a beautiful part of Dorset.

British Gas said it expected it would be extremely difficult properly to assess the value of its Wytch Farm holding as the field had not yet been fully defined.

Prior urged to protect job training

BY ALAN PIKE

THE Manpower Services Commission is to tell the Government that a return to total dependence on market forces to meet industrial training needs would result in a "serious loss of training resources and commitment."

Mr James Prior, Employment Secretary, will next month receive from the commission the results of a sector-by-sector review of training arrangements. This will help ministers to reach decisions in the autumn which will shape industrial training in Britain for many years to come.

A confidential draft of the report is now before the commission, which is a national agency responsible for employment and training services.

The report concludes that except in one or two special cases—for instance where a sector consists almost entirely of a few large companies—total dependence on the operation of market pressures to secure adequate training would not succeed.

The Government wants, wherever possible, to abolish statutory training boards and replace them with voluntary arrangements. Three considerations have influenced the commission in deciding whether there should be a return to a voluntary system, which employers in many sectors have urged.

They are whether the voluntary arrangements would:

● be financed adequately to meet training needs;

● be supplied by a majority of companies in an industry;

● provide central arrangements for consultation between employers, unions and education representatives.

The Commission will urge Mr Prior to defer the Government's decision to transfer the operating costs of surviving stautory boards to industry for at least three years as "the present is no time to be adding to industry's *financial commitments.*"

It is likely that the Commission will recommend that several of the 24 statutory training boards should survive.

It stresses, however, that one of its most essential criteria for *judging future training arrange*ments is their ability to meet the objectives of its new training initiative to reform apprenticeship and adult training.

THE LEX COLUMN

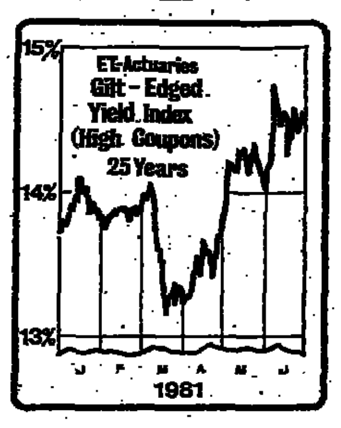
Fading hopes of early upturn

A movement of less than a point in the 30-Share Index over *the past week sums up the in*decisiveness of the equity market. In gilt-edged, too, investors are searching around for some sort of lead—which they have failed to find in the inscrutable gyrations of short-term dollar interest rates. A strongly rumoured new index linked gilt issue might have given investors something to get their teeth into yesterday, but even that failed to happen.

It is now two months since the 30-Share Index was bursting *enthusiastically up towards the* 600 mark. In that time, there has developed a predictable surge of rights issues culminating in the £624m BP blockbuster for which portfolio managers are now setting aside funds. But just as important in puncturing the market's optimism has been the build up of evidence that the hoped for industrial recovery *is* a non-event. Perhaps the recent weakness of sterling will allow export profits to recover a little, but *this week's CBI trends survey* suggested that output levels are not going to rise in the next few months. Meantime there have been warning signals from retailers, notably Mothercare on Thursday, that spending by *consumers in the shops is* sagging.

So the market has been turning back to the still-booming electronics sector, while some of the recovery punts in traditional sectors have been sagging badly. Chloride, for instance, suffered a 30 per cent share price fall this week on news not just of dismal trading but also of the need to dilute any future recovery potential through a Convertible Preference issue.

Index fell 3.9 to 540.9



News/Collins

Non voting shares are normally used by managements to ward off financially attractive takeover bids. The sad irony about the fate of William Collins, the publishing group, is that its non-voting structure has opened the way to a bid *which is bitterly opposed by* management and which is far from generous.

Mr Rupert Murdoch's News International has successfully won over two key groups of voting shareholders: certain members of the Collins family, and now Mr Robert Maxwell, whose Pergamon Press has sold its 9 per cent stake in the voting shares and thereby given News just over 41 per cent of the votes. To win Mr Maxwell over, the terms for the ordinary has been lifted by 12½ per cent to 225p, but there has been no change in the offer for the non-voters, which remains at 150p per share. So the total cost of *the package to News stands to* rise by less than 4 per cent.

However, the latest deal poses some very knotty problems for the Takeover Panel. The City Code says that a comparable offer must be made for each class of equity. If the terms of the first News offer met this requirement, how can the second one—which *widens the gap between the voting and non*voting shares—be said to be comparable?

Moreover, the Code says that all holders of the same class of shares should be treated equally by a bidder. The deal with Mr Maxwell was settled at a meeting which also resolved a major commercial dispute between News and British Printing, now a *Pergamon subsidiary*, and set up a merger between important printing operations of the two groups. The Takeover Panel will somehow have to establish that there was no connection between these transactions.

But the odds in favour of News winning the day have been significantly increased—and on terms which the majority of shareholders will still find unattractive.

Tricentrol

Tricentrol is the first big company to split itself in two since the tax laws were changed to encourage demergers—and it looks an ideal case for treat*ment. The documents covering* its plans reveal a business which has been transformed by North Sea oil.

Cutting off the original commercial interests, which are going through a difficult patch and are planning expensive new products, will limit the temptation to pour too much oil money into their development and should make them more manageable. It will also concentrate the energies of the oil company at a time when its *annual cash flow* is about £60m. By the end of this year, its Thistle field loans should have been repaid and it will be spending *substantial sums* on new exploration.

Of course Tricentrol is an entreprenurial sort of business: a more bureaucratic form *of* management would find such a split more painful. And although the tax laws have been simplified, they are still complicated enough to bring expenses of the demerger up to £350,000.

Rediffusion

At *the time of the* interim statement in November, Rediffusion remained the odd man out among TV rental companies, offering—at nearly 8 per cent—a yield of roughly twice the level of some of its competitors. Since then the shares have risen 99p to 181p, including a 9p jump yesterday on better than expected full year results. At this level, the company's rating is typical of the sector.

After five years in which pre-tax profits have stagnated at about £17m, the 12 per cent rise to £19.2m in the year to March is hardly world-shattering. In fact a large element in the improvement derives from the loss elimination exercises of the previous year, when the company pulled out of marine telecommunications, radar-based simulation and audio retailing in the North East. Profits in TV are virtually unchanged, while there has been a slight improvement in profits from flight simulators.

The abandonment of its regional approach to rental should produce some benefits in the current year. But the key to the market's rerating of the company has been the disposal of the controlling stake in a Hong Kong TV station. With a £2m annual loss eliminated here, *pre-tax profits in the* current year may be about £23m. Furthermore, the disposal should allow the tax charge to fall to normal levels, so earnings at the attributable level may jump by half. The deal produced £9.7m cash, which has helped to reduce net debt from £21m to below £5m, so the company will be better placed than several rental companies in its ability to meet the heavy cash requirement in the coming years for video equipment and replacement TV sets.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
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